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OPTIMISTIC PERSPECTIVE

Development moves, if not on the wings of angels, at far greater pace than ever dreamt of in the generation the living succeed. From the excitement of the sputnik we move in a few short weeks to the muffled but resounding revelations of the progress of British scientists in harnessing the almost limitless power of the H-bomb to peaceful uses. This in the years to come—and probably sooner rather than later—will relieve us from dependence on coal and oil alike, though so vast will be the expansion of industry that both these fuels will still find a use for a long time to come. Behind the stability of an economy which is confirmed by the constancy of the figure of the import and export trade, and of the exports of her own industrial products, Hongkong looks toward a future more resplendent even than its fantastic past. Of course that is not a word that should be used here about ourselves, since nobody believes it is at all a proper description of our workaday existence. The people whose daily toil, high intelligence and unflinching ingenuity and resource created Hongkong's achievement may shy away from the term, but that is how it is regarded from a distance. And H.E. the Governor, in his last address to the Legislative Council, reminded us of it.

Neither storms over Indonesia nor the rival confrontations of the Atlantic and Warsaw Pact communities can abate the fierce insistence on going forward to new conquests. Sir Alexander Grantham said quite truly that it had always been the tradition of Hongkong to let the genius of its people work to their own advantage, without their initiative being frustrated by an excess of State planning. Our Plan, without benefit of Calendar, matches that of any country pro rata of population. Planning in the way we like to do it here may not

always commend itself to the pedants or the purists yet has its own advantages and its own palpable and imposing achievements. But it must go on and on and on, as the Governor said, in the limitless task ahead. In the mind's eye, one may see—as readily as it is caught by the new Government offices and the new skyscrapers on the lower and mid-levels—new satellite towns at Taipo and Shatin, at Gin Drinkers Bay and Junk Bay, on Lantau and on High Island which, standing as it does in such close proximity to the large and undeveloped area to the east of Sai Kung, may become another "Hongkong Island" as it was before the first world war.

If Shanghai may well have a population of ten million in the next decade, we may well have a population of five million a decade later, for this is an age of expanding economies as well as of expanding populations. There is more of flattery than effrontery in the slogan from Peking of "surpassing Britain." But it is a shrewd form of incentive in the light of Britain's standing with the ordinary Chinese, and it is more than that—a pointer to the desire of a regime determined to drive the people on to hard and tremendous endeavour. But what Japan has done so can the Chinese; and so we have to look ahead to assess the vast volume of peaceful traffic that is bound to go on through and around these waters and skies of Hongkong. It will be as much greater a generation hence as was the traffic of 1920 greater by far than that of 1910. And this in spite of all the efforts at self-sufficiency.

But we have to consider only a few years ahead in voicing thoughts of the immediate progress. Neither the new Technical College nor the new industries will turn out to "white elephants." Quite the contrary. The City Hall may still be beyond

the clouds that so often obscure the Peak, but the foundations will be laid. Trade will continue to move upward in value and volume. The racial adjustments in Hongkong's trading area are bound also to go on. They will sometimes be silent and happy, like those in Malaya and Singapore, where so many Britons fold their tents like the Arabs and silently steal away, often to new fields of high endeavour rather than to retirement. Sometimes they will be made in haste and hostility, as in Indonesia, where the exodus continues though the heat is rapidly dying down and sobriety is returning. The Sterling balances in London are protecting British enterprises from confiscation in Egypt, and Egypt needed the enterprises even more than Britain did. Indonesia, by her rulings on the drastically restricted remittance of profits, deprived foreign enterprises of the element of exploitation. Expropriation would merely retain just that little that was allowed to go abroad, and leave her entirely dependent on the readiness or otherwise of the Communist bloc to finance and trade with her. The mood is therefore changing in Djakarta and if it is still hostile to the West, as is the current emotion of much of Asia to-day under Red stimulus, it is relenting toward Japan, though the Communists look to China.

But though nothing short of direct military rule can prevent the greater part of Java from going Communist, the rest of the archipelago will constitute a brake on seizure of power by force as has occurred in all Communist countries hitherto. If they rely on democratic methods—which have gained them an enormous number of votes, though by no means a majority except in places like Sourabaya—they may go far. But the disruption of all existing and traditional channels of her external trade will inevitably increase the regional trade from which Japan and even Hongkong should benefit most.

Hongkong, by virtue of its extensive trade, has always been much more than a mere island off the coast of China. Its role greatly resembles that of the old City States which, between the downfall of Rome and the long anarchy across the vast stretches of the Eurasian Continent, kept the arteries of commerce alive. Indonesian Borneo has just bluntly told Djakarta that it has no option but to embark on a wholesale barter trade with Singapore in order to get the rice to exist. While the revolution works its will there, commerce is bound to be opportunist and to be on a short-term, quick turn round basis with the nearest centres of production or barter the obvious choice for the traffic of rubber for rice and the necessities of life. Nor will it be in the power of the Government at Djakarta to control this till it has put an end to its own intractable but almost amiable conflicts, and some final accommodation is found between Hatta the outstanding administrator and Sukarno the hot-gospeller and orator, with the army on one side and the trade unions on the other.

Patience is necessary, though the people who can least afford it are those whose daily bread and labour depend on a speedy settlement. Throughout South-east Asia great changes are going on but they are the changes of new life and vigour, not of decay. We shall yet see the multi-purpose power scheme on the Lower Mekong, whether Communists sabotage it today in order to build it tomorrow, or whether the present set-up, which looks largely to Japan to build it, prevails. Wherever the eye roams over the area of which Hongkong is the real commercial centre, the prospect unfolds itself of a century of development, and a vast rise in the standards of living and of population. The new conquest of malaria, by attacking the adult mosquito in the house, has achieved unexpectedly brilliant results, and a potency beyond the wildest dreams of previous workers in the control. Thus physical vigour reinforces the ambitious resurgence of the Asian peoples.

There is before us, therefore, the prospect of continuous development and expansion of commerce and industry, not unlike those we have witnessed in the Colony itself. The Commonwealth of which Hongkong is a part has an immense role to play in its example of world-wide co-operation. As the Chancellor recently reminded the great centre of the woollen industry (Bradford), whose products are to be found everywhere, Britain is not merely a powerful industrial nation, the centre of a great Commonwealth of Nations and the leading power in Western Europe, but also the greatest international banker in the world. "Never have we been more willing to co-operate with each other—this world-wide company of nations, as diverse as India and Canada, as young as Ghana and Malaya, and as old as Britain," he said. It is to Britain that India has looked for the development of the large reserves of oil recently discovered in Assam and the erection of two refineries. One of the three oilfields alone is estimated to be able to produce half of India's total requirements. The fertility of invention—which ranges daily from such things as a new system of scaffolding and a machine which plants and fertilises potatoes in a single operation, to nuclear photographic plates used throughout the free world, which tell scientists how our planet is being bombarded with particles from outer space—is as profuse as ever behind the blinding flash of epochal nuclear discoveries. The United Kingdom is much more than Hongkong's biggest partner in the exchange of goods, and the association will continue in the future as in the past to be of mutual benefit. We have gained and shall still gain much from one another, even if, as we hope, the entrepot trade with China continues to increase. Indeed, the association is useful to all three parties and will become more so as the commerce and productivity of the whole region continue to expand. The Grantham Era which has now ended was a period of great achievement; but it may well be found that it merely laid strong and ample foundations for a far greater edifice in the half-century to come.

THE YOUNG GENERATION AND THE COMMUNISTS

By Allen Kassof

One of the critical tests of a totalitarian system is its ability to control and enlist the support of its youth. Political dictatorships may plan and design, but the future holds serious threats for them if they cannot influence and manipulate the minds of the new generation. Because of this, the emergence of a youth problem on the Soviet scene ranks as one of the more intriguing and significant developments of the post-Stalin era.

The youth problem is complex. It has taken various outward forms, ranging from hooliganism and juvenile delinquency, long under attack in the Soviet press, the more recent signs of political and intellectual unrest among groups of university students in the course of the past year's turmoil. Different as these manifestations are, they all contribute evidence of a growing current of discontent among Soviet youth.

Underlying the discontent is a serious erosion of officially approved and prescribed attitudes toward Soviet life, and their replacement by ideas and behavior which are inimical to the maintenance of the system as the regime would prefer it. A broad spectrum of values and beliefs is affected, but the author has selected for analysis one trouble area viewed with particular gravity by the Soviet authorities, to judge from their worried reaction.

The New Leisure Ethic

That problem is the erosion of what may be summarized as the production ethic—a moral position, promulgated by the regime, which holds labor and production to be positive values per se. The philosophical roots of the concept can be traced in part to the preeminent position which Marxian thought accords to labor and its products. A more practical interpretation, however, sees its origins in the program of forced industrialization in the Soviet Union. He who is willing to produce much and consume little—thereby contributing to the rapid growth of the “material base of socialism”—is the hero.

Opposed to this kind of orientation is a set of values which can be called the consumption or leisure ethic, and which is anathema to Soviet ideology. It involves the assumption that leisure and consumption are the higher values, and that productive efforts are simply means to the greater end of consumption. The Soviets describe such an outlook as evil, immoral, and even counterrevolutionary.

Part of what seems to be happening among Soviet youth is a shift in the new generation away from acceptance of the production ethic and toward the attractions of the leisure ethic as a way of life. The official label for this phenomenon is *bezdelnichestvo*, or idleness, although—as will be shown—it involves a good deal more. The culprits who engage in it are variously described as loafers, good-for-nothings, petit-bourgeois souls, and parasites.

While the forces which have produced *bezdelnichestvo* date far back in the history of the Soviet system, it has emerged as a full-blown problem only in recent years. The growing concern felt by the authorities has been evidenced in a public campaign of “anti-idleness” propaganda, waged intermittently since shortly after Stalin's death, and in a number of other combative steps (to be discussed later). The consequence has been a steady flow of complaints about the laziness and waywardness of youth in the Soviet press, particularly in the organ of the Young Communist League, *Komsomolskaia Pravda*.

Although cases cited differ in detail from one report to the next, the general implication of comment is that members of the younger generation are showing reluctance to work when, where, and how the regime wants them to.

A report from Yaroslavl Province is typical of the purport of these articles, although it is unusual in that it gives actual statistics:

In 1955, 6500 students were graduated from the secondary schools of Yaroslavl Province (not counting the schools for young working people). What happened next in their lives? A total of 1290 of them were admitted to higher educational institutions, 1800 to technicums and 1270 to technical schools. The remaining 2140 did not continue their studies. Some of them are working in enterprises or agriculture. But the majority of them are hanging around doing nothing.

Allowing the barest possible “majority” of the 2140 students who did not go on to further education, a quick calculation shows that almost 17 percent of the original 6500 graduates were “hanging around” jobless. This is a high percentage in an economy which is bent on rapid expansion, and in which the doctrine of work has been raised officially to the level of religious dogma. That a like situation prevails in other areas of the USSR is indicated by an increasing volume of press complaints from widespread sources.

The problem of “idling” is not limited to secondary school graduates; much of the official criticism is leveled at older youths who get through the universities or other advanced educational facilities but then fail to seek jobs—or at least the jobs in which the regime wants them. Khrushchev himself has complained that many university-trained specialists, educated at great expense to the government, have been taking jobs as “floor polishers.” The scoffing explanation which he offered was that students chose their institutes by “picking slips of paper” from a hat, only to discover at the end of their training that they were not “suited” to their fields of specialization. What he did not add was that many such youths specialize in “unsuitable” studies because they must choose fields in which enrollment is open as their only access to advanced education.

Another explanation—and an important aspect of the whole “idleness” problem—is the reluctance of youth to work in remote areas or in the countryside. The attempts of young people to stay in the city at all costs, even at the sacrifice of professional jobs, has been a striking phenomenon. In particular, there is evidence that it has created embarrassing obstacles in the recruitment of both skilled and unskilled labor for the regime's bold “New Lands” program, which aims at the agricultural development of vast new areas in Central Asia. Soviet propaganda points to this project as an example of how young citizens sacrifice themselves to the call of party and state. But reports of youth's “enthusiasm” to go to the East have been supplemented by bitter complaints that too few people are volunteering and by directives to the Young Communist League to round up more manpower.

Rationalizations and Realities

The Soviet explanation for these and similar phenomena is that they are “survivals (*perezhitki*) of capitalism”. At best, the explanation is a hollow one. The Soviet regime is not dealing with people who have their own memories of a different way of life, but with adolescents or young adults who were born after Stalinism already held full sway. Furthermore, it

has had forty years to remold youth by means of one of the most intensive and extensive youth programs known to history. The system of formal education is a tool in the hands of party and government. The Young Communist League and the Young Pioneers have an absolute monopoly over organized youth activities and are, in turn, controlled by the party. Hardly a channel of achievement, expression, or learning is open to the young Soviet citizen without his meeting and being influenced by some aspect of this total youth program.

The doctrine of work and sacrifice and production has been a fundamental tenet of this program. Soviet youngsters are told over and over again:

For us, labor is one of the highest moral qualities and values. We should educate the active member of the collective of toilers, and only the person who is a laboring person, who makes the goal of his life labor for the good of the motherland, can be such a member.

In the face of this intensive indoctrination, the recent signs of youth's resistance or indifference to the production ethic assume serious significance. It should not be inferred, of course, that the present trend has affected the whole or even a majority of the youth population. Most Soviet young people probably conform to a greater or lesser extent with the demands of the system; some of them do so out of genuine belief, others because they stand to benefit from a display of conformity, still others because they simply know no alternative. What is important, however—and what has the authorities worried—is the compelling evidence that *bezdelnichestvo* and the attitudes behind it are spreading, despite all of the forces of coercion and persuasion at the regime's command. In the face of such evidence, manifestations of this "un-Soviet" attitude cannot be explained away as "survivals" of a social order which existed almost half a century ago. The sources of the problem must be traced to the present-day realities of Soviet life.

The Spread of Skepticism

Perhaps the most basic reality of life under the Soviet system is the drab poverty which is the lot of the great mass of citizenry. One easily traceable source of *bezdelnichestvo* is the determination of many young people not to be drawn into the vortex of unrelieved labor for minimal reward. In secondary school graduates particularly, this determination seems to have produced an all-or-nothing attitude: they attach desperate importance to further education as a means to "better themselves"—among those who cannot get it, there are apparently a substantial number who end up as genuine idlers, if not worse.

The Soviet author Korneichuk, speaking at the last Ukrainian CP Congress, addressed himself precisely to this problem. He deplored the tendency of Soviet youth to shy away from necessary if unglamorous jobs, and suggested that the idleness which ensued when secondary school graduates preferred to do nothing if they could not have further education was the cause of Soviet juvenile delinquency and hooliganism.

In Moscow last year, the present writer asked the Editorial Board of the Children's Publishing House to name what it considered to be the single most serious problem among Soviet youth. Again the answer given was the growing refusal of young people to take routine jobs. A spokesman added that the Publishing House was just then planning a campaign in its book program "to convince children that not everyone needs to go to the university, that all work is worthy of the Soviet citizen."

To return to the case of Yaroslavl youth, *Izvestia* stated elsewhere in its report that many of the unemployed youngsters who decided to "hang around" did so because they had been turned down for advanced study; they wanted to wait another year for a chance to try again, and in the interim they refused

to be drawn into productive work. The writer justified their inability to gain access to further education in the following terms:

Everyone realizes that higher educational institutions cannot admit the entire, immense body of secondary school graduates. Moreover, it is unnecessary that they should do so. Who would then work in the plants and the factories; who would grow the grain and build the houses?

In a complex industrial society, where a variety of skills is needed short of the advanced training level, this is an entirely reasonable view. Not everyone can be an engineer or a doctor or a scientist. Yet the Soviet regime has itself to blame for young people's attitudes: it has created a system in which skilled or professional standing—and hence advanced training—is of critical importance in determining how well or poorly one lives. In an economy which is characterized by perennial shortages of even the most basic consumer goods, not to mention the amenities of life, education or training beyond the secondary school can be crucial. It can spell the difference between a relatively comfortable existence, in which the prerequisites of consumption and leisure are available to a degree, and the abysmal, have-not existence of the great majority of Soviet citizens holding unskilled jobs. Important, too, are the less tangible benefits of prestige and status accorded to the university-trained career man or woman. For all its talk about the glory of "simple labor," the Soviet regime has created, through its social and economic policies, a rigid new system of privilege and class stratification which bears little resemblance to the original Marxist ideal of equalitarian society.

Soviet youth know this for the reality. It may be possible to convince them that black is white on issues and in areas which do not directly concern their daily lives. But the regime's ubiquitous system of differential rewards affects every citizen for better or worse; double-think cannot cover it up—nor the publicity given to a few well-paid "heroes of socialist labor."

Reflected in the set of attitudes just described is a broader and potentially more serious issue confronting the regime—one, indeed, which lies at the core of the whole youth problem. That is the growing skepticism of young people concerning regime propaganda and promises. The work-and-production slogans which the regime has been hammering into its citizenry for a quarter century have been based on the implicit or explicit promise of future reward: the ultimate purpose of all sacrifice was to make possible a better life, if not indeed a utopia. Accordingly, through successive Five-Year Plans since the end of the 1920's the Soviet people have tightened their belts with the promise of better things to come. The growth of Soviet industrial might during these years has been impressive, but the direct and visible returns to the people who built it have increased very little. All that the regime has offered has been more promises.

Promises work well for longer or shorter periods of time, but they have an annoying way of coming home to roost. Soviet teenagers know from their elders and in part from their own experience just how elusive the carrot of reward has been. To some extent, then, *bezdelnichestvo* can be seen as a sign that the present generation is growing impatient to cash in on some of the past promises, and is refusing to accept new ones.

By persisting in preaching platitudes which have no relation to things as they are, the Soviet leadership probably only further undermines belief in its slogans and in its good faith. As long as the discrepancy between words and reality continues, there will be pressures on some people to become "idlers" instead of doing their "holy duty" by the party and the state. They are all too aware that their rewards for such a sacrifice are likely to be—more words.

The City and the Leisure Ethic

There is some paradox in the fact that secondary school students desperately seek further education in an effort to avoid routine jobs, while some of their elder brothers with advanced training have taken precisely such jobs to avoid assignment in their specialties in remote areas. Yet underlying both manifestations of *bezdelnichestvo*, the same attitudes are discernible—on one hand, a negative rejection of Soviet values, and on the other, a groping quest for a better life, denied by the present system.

To escape from the countryside is, for some, to escape from the more blatant discrepancies between what the system demands and what it gives in return. Implicit in this attitude is a strong orientation toward the city as a symbol of leisure and the better life. The Soviet city may be grey and grim by Western standards, but it is infinitely better than the outlying areas. The city not only has more consumer goods—the material substance of the good life—but also offers cultural and social facilities, such as theatres, amusement parks, restaurants, concerts, and other diversions for pursuit in leisure hours. One can become current with the latest fashions and ideas, with the talk of other young people. There are places like the Hotel Astoria in Leningrad, or the Metropole in Moscow, where one can join the smart set in dancing to Western tunes. With enough money, it is even possible to join the generals and important bureaucrats at Kiev's Dynamo Restaurant, drinking Soviet champagne. Why be an agronomist working on a kolkhoz when with enough effort it is possible to get a job at one of the city offices of the Ministry? Who wants to work as a new doctor at a small clinic in a remote area when there is a chance to be in Moscow and walk down Broadway (or Broadvei, as the young call fashionable Gorki Street) on a warm spring evening, looking at expensive goods in the shop windows. The city is the place to be. It is civilized. Haven't the schools taught that the whole point of communism is to enable people to live better? If it is necessary to resort to evasion and subterfuge to live better, well, that's just the way life is. One has to learn how to beat the system.

"Western" Allurements

The extreme development of such attitudes is to be seen in the *stilyagi*, young city people whose reaction against regime preachments finds its outlet in a form of exhibitionist behavior. Though they are in a small minority, there is a clue in their exaggeration of the leisure ethic to the general trends in youth outlook and behavior which have the regime worried. The *stilyagi* are young people whose lives are devoted to the quest for pleasure, and whose basic philosophy is to get away with the minimum amount of work while enjoying available luxuries to the hilt. Those who can manage, it pay for their indulgences not by working for them, but out of allowances from parents, student stipends, or even the proceeds of speculation. In a conspicuous display of what they consider to be "sophistication," they also affect bizarre styles of dress and grooming, such as loud-checked padded jackets, shoes a size too big, and elaborate haircuts.

Involved in some of the *stilyagi's* behavior is a clumsy attempt to imitate what they believe to be Western culture. From their fragmentary knowledge of the West, they single out for admiration those elements which they associate with "having a good time"—American jazz, Western styles of dancing, the cocktail hour, etc. They also adopt English nicknames and affect English slang. However distorted this view of Western life might be, the *stilyagi's* identification of the "good life" with things foreign is a measure of their disillusionment over things at home. In the present context, what is important is not their extremism but what underlies it—disdain for the

official Soviet virtues, and defiant insistence on a kind of "individuality," and a frantic effort to achieve the easier life here and now.

The Soviets themselves have admitted that it is not so much the outward behavior of the *stilyagi* which disturbs them as the attitudes which give rise to it. *Komsomolskaia Pravda* gives an amusing and highly informative typology of *stilyagi* to demonstrate that while surface characteristics may differ from one to another, it is essentially the attitude which makes the *stilyag*. One type is described:

If he is Boris, he calls himself Bob, and if he is Ivan, he calls himself John. He lives off his parents and "burns" his money in restaurants. Sometimes he is registered as a student but he "despises" cramming and crammers and therefore does not study. He "adores" everything foreign and is ready to give his right arm for a fashionable (phonograph) record . . . He is disillusioned with life.

A second *stilyag* is caricatured as a fellow who . . . began working, but the work turned out to be "uninteresting" and his coworkers were "crude" people who lacked "understanding" and "sensitivity." He sent in his resignation. Nobody tried to stop him. Insulted, he returned to the bosom of his family, and . . . (rested) a year or so . . .

On another type the paper comments:

If he works, it is without enthusiasm and only, to have a good reputation.

But the essence of the matter, says *Komsomolskaia Pravda*, is that while some *stilyagi* work and others do not, "all of them have the same attitude towards work—they don't like it."

The Problems of Privilege

Different from the *stilyagi*, but sharing many of their attitudes, are some children of the privileged classes. The Soviet press almost never prints anything that can be classified as scandal, but last August, *Komsomolskaia Pravda* printed an expose of the misbehavior of a group—the children of high officials—who had been indulging in dissolute and drunken orgies. Their good times had been supported in part by stealing belongings from their parents' apartments. Investigators in the case concluded that the fault was the parents', who thought that "if their children had good clothes, food and amusements, the rest would come by itself." The paper added:

It had never occurred to any of the youths that they would have to work in a factory or at a construction project. They were certain that they were made for a different sort of life.

Interestingly enough, the threat of punishment which these parents used when attempting to discipline their children was: "If you behave badly, I shall go to the militia and ask them to send you to the virgin lands."

Though the above case is extreme it is symptomatic of a trend among youths who have enjoyed material advantages. An official of one youth organization in Moscow gave the following explanation, paraphrased below, when the writer asked her for her view of this aspect of the Soviet youth problem:

Our problem children are the offspring of successful professional people and officials who have made their way in the world the "hard way" and who now want their children to have an easier time of it. Being busy professional people, they do not have sufficient time to give their children, who therefore suffer from neglect. Furthermore, they give their children too much spending money and, in general, spoil them. These children do not know the value of an honest day's labor, and want only to have a good time.

It is an interesting bit of irony that the "best" Soviet people are doing so much to undermine the regime's youth program. But in a sense the regime itself made the bed in which it now sleeps so uncomfortably. The above-discussed system of incentives and differential rewards instituted in the 1930's, which has been substantially responsible for the emer-

gence of the present privileged classes, was aimed at encouraging the population to work harder and produce more. Broadly speaking, the people who were most responsive to this pressure, or whose previous background allowed them to seize the advantage offered, are the ones who are now on top—successful factory managers, skilled engineers, and so forth. Yet they, in turn, are producing in their offspring just the opposite of the attitudes which the regime needs in its program of rapid industrialization. Because they can afford to give their children an easy time, the latter are not forced into channels of occupational achievement to obtain the comforts of life.

The Growing Tide

Among the stilyagi and among overprivileged children, then, one sees the sharpest expression of "un-Soviet" attitudes. But while their flaunted allegiance to the leisure ethic makes them a ready target for criticism and attack in the official press, they constitute only a small minority of young people. From the point of view of the regime, they are important not as a threat to the system in themselves, but as the extreme expression of attitudes toward work and life observable, if less obviously manifested, in broader elements of the youth population. As has been shown, it is significant numbers of generally average young citizens who are the real "problem children" for the authorities and who are behind the increasing volume of press complaints across a wide area of the USSR.

To cite a few such complaints: *Kazakhstanskaia Pravda* protests at the large number of people in Kazakhstan, "especially youth," who have "false bottoms"—that is, who pretend to live by Soviet values for the sake of outward appearance, but who, it is charged, share the worst features of the stilyagi and other idlers. In Georgia, Bakinskii Rabochii reports that the Young Communist League considers young people who "do absolutely no work at all" a key problem for solution. In Vilna, laments *Sovetskaia Litva*, it is "annoying to see" how many university graduates refuse to go to work. From Estonia comes the charge that secondary school graduates are shirkers and slackers, that rather than do their share in the difficult tasks of the Soviet economy, they prefer to "sit out their time at home". When the call comes to go to the New Lands, the charge continues, they prefer to go "visiting grandmother".

These are the young people who are supposed to be the "New Soviet Men", the "fearless builders of communism". The fact that many of them are turning away from the tasks at hand is perhaps the most eloquent testimony to the apathy and even skepticism which they feel about what they are supposed to be building.

The extent of the regime's concern over the present situation is evidenced not only in press reportage but in a number of groping efforts it has made to deal with the problem of *bezdelnichestvo*. These measures are important both because they afford an index of regime thinking on the problem and because they will in part determine the outcome.

Attempts at a Solution

Thus far, combative efforts have taken four different avenues of approach. One consists of more of the same barrage of words and slogans which provided the materials for the present analysis. In newspapers, in books, at Young Communist League meetings and in the classroom, Soviet youngsters continue to be told, with renewed emphasis, that their first duty is to act at the bidding of party and state. True communism is still just around the corner, but in the meantime everyone will have to continue working as hard as ever. If it means going straight to work upon graduation from secondary school—too bad. The guiding principle of life is sacrifice to the cause, not personal happiness or comfort, and the reward

is the knowledge that one is doing his part in a program formulated by all-wise leaders.

A second attempt at solution, although it stems from pressures far broader than the youth problem itself, has been the policy of minor wage equalizations, raising the minimum rewards and in some cases reducing the higher ones. If the author's analysis of the roots of *bezdelnichestvo* has been correct, then it is possible that further moves in this direction might persuade some "idlers" to abandon thought of advanced education in favor of going directly to work for better wages. As yet, however, such moves have been only token gestures, and there is no solid evidence that any further shift in wage policy is contemplated.

A third approach, apparently still in the talking stages, was suggested by Khrushchev in an address to a group of young people bound for construction projects in Siberia. He said: "We are convinced that the time is not far off when higher educational institutions will recruit their students from factories, construction projects, collective farms, MTS, and state farms."

Later he added:

I say . . . this to you so that you will not think that by going off to the construction projects you will lose the opportunity for a higher education.

If such a recruitment policy were indeed put into effect, its result would be to force all secondary school graduates into productive occupations as a prerequisite for further education. Thus Khrushchev's statement contained overtones of both threat—in its hint of a coercive program to come—and bribery, reflecting the quandary in which the regime finds itself.

A few provisions have already been made to emphasize recruitment of candidates for higher education from among youths who have worked "in production" for two or more years. However this limited program falls far short of the change intimated by Khrushchev, and its results thus far have been dubbed "insignificant."

The fourth effort at a solution is long-range in scope and attempts to forestall in future generations the kind of development which we have discussed here. It is aimed not only at the problem of *bezdelnichestvo*, but at the whole erosion of values among youth. At its core is the regime's program to create *shkoly internaty*, or boarding schools, first announced at the Twentieth CPSU Congress in February 1956. At that time it was not clear just what the nature of these new schools would be or from which groups they would draw their enrollment. In subsequent months, however, it has become evident that the boarding schools are intended to allow for a fresh start in indoctrinating Soviet youth. Eventually the regime plans to replace the entire existing system of primary and secondary education with the *shkoly internaty*. Although the plan aims in part at improvements in curriculum and instruction, its real goal is to exert greater control over the early formation of basic attitudes and outlooks in young Soviet citizens.

The pupils will remain in the boarding schools, making it possible to make these schools the true center of Communist upbringing.

"Communist upbringing" includes the eradication of "incorrect attitudes" towards labor, and their replacement by the "right" kinds of ideas:

Education in the boarding schools should be combined with productive work. Labor in all its forms should occupy an important place in the students' daily lives.

The boarding school system is already out of the planning stage; in fact, a small number of the schools were opened for the current academic year. The intention is to effect a gradual conversion of existing facilities by constructing dormitories to go with them. In the meantime:

. . . with the new system of education in its initial stages, efforts should be focused on sending children aged 7 to 17—

the most impressionable age—to boarding schools. Of course, this does not mean that we will not have complete boarding schools, including nurseries and kindergartens . . . Such institutions will exist, but there will be relatively few of them at first.

Plans calling for the construction of dormitories for virtually the entire school-age population border on the incredible in a country whose economy has not even provided for minimum residential housing needs. It will be many years, if ever, before the Soviets come anywhere near realizing such a program. However, the very fact that it was adopted despite serious problems of implementation emphasizes the urgency with which the regime views its need to reinforce its hold over the youth.

* * *

It remains to be seen whether the techniques of persuasion and control envisaged in these measures will be effective in stemming the erosion of the production ethic and the growth of *bezdelnichestvo*. Their main significance for the present is the proof they offer of regime fears that Soviet youth will not maintain faith in the system without special pushes and pressures from above. In the case of the boarding schools, for example, the reasoning seems to be that if Soviet youths are becoming tarnished in their contact with the realities of Soviet life, then isolate them from the realities.

If these measures fail of achievement, then the Soviet authorities could have a very serious problem on their hands. The implications of the present situation are numerous, and there is space left to discuss only the most important of them. Critical among the more immediate and practical consequences facing the regime is the possible threat to its control over man-

power. Under a planned economic system, the reluctance or refusal of a sector of the population to do what it is supposed to do could cause, at the least, minor disruptions in the execution of economic programs. If the trend were to spread further, it could contribute to a serious slowing down of the whole blueprint of industrial expansion.

The potential long-range consequences are even more important. Today's idlers are not old *kulaks* who can be disposed of when they resist the regime's policy: they are tomorrow's adults. If, despite the aid of its ambitious youth program, the regime fails to maintain a grip over the attitudes and aspirations of its young people, then a crucial threat is posed to Soviet totalitarianism precisely by reducing its totality of control.

As has been pointed out, *bezdelnichestvo* is only one area in which erosion is taking place. A final note should be added with reference to other ramifications of the youth problem—in particular, to the recent astonishing reports of unrest among university students. Do they mean that some of the underlying tensions which have been highlighted in this paper are being transformed into nonconformity of a specifically political nature? If so, then the problems posed by *bezdelnichestvo* could be only the first signs of a domestic threat as potentially grave as any the Soviet system has faced.

So far, the only significant response which the regime has found for these problems, actual and potential, has been a reassertion of its control from above; it dares not assume that young citizens will choose the "Soviet" path from a sense of inner conviction. Perhaps this is a final measure of the faith of the present Soviet rulers in their own system.

PAPER MONEY IN MODERN CHINA (1900—1956)

COPPER BANKNOTES IN CHINA

By E. KANN

PART XXVII

In China silver was the currency metal serving the mercantile strata of society. Copper was the basis for a monetary system in the midst of which many millions of humans lived by sheer force of necessity. China is a proverbially impoverished country; and so it is not to be wondered at that, literally for thousands of years, the people there knew no other medium of payment than copper coins. Until about 1920, most of the laborers' wages were paid in copper coins; most of the daily necessities were quoted and bought in terms of copper cash* or minted copper cents. When paper notes acted as substitutes for hard money, either intermittently or exclusively, such fiat money naturally also appeared in terms of copper cash, or copper cents. In common with paper notes calling for redemption in silver, the career of notes in terms of copper was as undulating and rugged as has been set forth in the foregoing narrative; with the distinction, however, that when the small fellow was hit, it hurt much more than when the holder of silver certificates was struck.

That the bulk of copper notes came to grief; and, furthermore, that in the majority of cases the issuers could not, or would not, redeem such paper when presented by pauperized people, is a sad but undeniable fact. Here we meet with similar instances, as described when discussing the repudiation of certain note-issues, mainly under official, or semi-official, control. This means principally the banks of the provinces, whose actions kept multitudes of hardworking Chinese citizens in never-ending depths of poverty and misery.

To a much wider extent the issue of fiat money in terms of copper cash, or copper cents, was monopolized not only by Government and provincial Treasuries, but also by native banks, as well as hundreds of thousands of firms, artisans, etc., etc. No statistical material as to the size of the multitudinous emissions of notes in terms of copper has ever been available; not even to official sources who displayed complete disregard. And neither has it ever been ascertained what unbelievably stupendous sums have been lost to the trusting public by either depreciation, or else repudiation, of the floods of paper notes in terms of silver and copper. For close observers it is beyond a shadow of doubt that the "Lost Paradise" in China was brought about in 1948 largely, perhaps mainly, through unjust and mis-

* The expression "cash" does not signify here money on hand. It denotes round bronze coins with either a square, or round, hole in the center, current in China for nearly 2,000 years and cast and not minted. The Chinese name is "tsien" and the French word is "sapeque". Cash were also current in Indochina, in Japan, Malaya, East Indies, Siam, Burma.

guided currency policies, closely allied with rapid depreciation and complete loss of supposed values in the shape of paper money issued by the Government.

From the particulars contained in the following pages it will be learned that the circulation of copper notes was most prolific in North China, particularly in Manchuria; they also were issued in Central China, chiefly the provinces of Hunan and Hupeh, while the provinces in the North involved were Hopei, Shansi and Honan. South China, on the other hand, with the exception of Fukien, had comparatively small issues of copper notes.

The bank note evil during the Ming period had already grown so bad in China that in A.D. 1403 it was decided to discontinue the use of paper money, probably because nobody wanted to accept inconvertible paper notes in payment. It appears also that for about 240 years China went along without using paper money, but in 1644 the new rulers of the country, the Manchus, opined that the time had arrived for the re-introduction of what was considered a necessary evil.

Much opposition to this project was displayed by the public at large, and the want of confidence in paper money was fully justified by subsequent events. When the war against the Taiping Rebels (1850-1864) had to be financed, the Peking authorities resorted to the issue of large quantities of banknotes, one series of which appeared in denominations of 1, 3, 5, 10 and 50 taels, and a second series was simultaneously placed on the market, representing 500, 1,000, 1,500, 2,000, 5,000, 10,000, 50,000 and 100,000 cash in copper, respectively. The first series is not within the frame of this essay, but the copper cash notes are worthy of a brief discussion, already because they represent the last imperial government emission of paper money in China.

In the third Year of emperor Hsien Feng (A.D. 1853) large size copper cash were cast in Peking. At the same time the Board of Revenue issued silver notes and copper cash notes (already referred to) and forced these into circulation by paying a portion of all officials salaries in the new currency and by compelling banks and pawnbrokers to accept the fiat money in place of metallic currency.

The cash notes were printed from woodblocks on thick whitish paper of Chinese make, and headed by a Chinese inscription, translating: "Money Note of the Great Ta Ching (dynasty)". The upper ornamental border shows two dragons striving for a pearl. The lower border depicts the fabulous mountain of precious stones with coral trees in the midst of sea-waves. On the sides clouds are interrupted by medallions marking on the right border four characters, meaning: "To circulate throughout the empire"; and on the left border another four ideograms denoting: "Issued and accepted at equal value". Within the borders there are three lines of inscriptions. The central one specifies the value: "Equivalent without deduction of 1,000 pieces of government cash." The right line contains the note's serial number, partly imprinted, partly filled in by handwriting; the left line indicates the year of issue. Below, within the ornamental frame, is printed the following explanation (translation from the Chinese):

"These notes shall circulate in place of government cash and will be received in the proportion fixed for the different taxes, for all the Customs dues, and for the purchase of rank. The Treasuries, both of the capital and the Provinces, shall alike accept and forward them. The cash notes shall be exchangeable for government silver notes in proportion of 2,000 cash for one tael silver."†

In contradistinction to the tael notes circulated at the same time, those cash notes were lacking the sentence: "Forgeries will be punished without mercy according to existing laws."

In order to certify genuineness a large square vermilion seal was affixed to the center in Chinese and Manchuria to the cash notes by the Board of Revenue. A small black oblong seal was added under the date of the note by the official in charge of inserting the date of emission. On the side there is also a red seal in round shape and blotched lines from a Chinese brush made before the note was out from the tally.

In 1861 these notes changed hands in Peking at 5% of their face value, and shortly thereafter they became quite valueless, as the authorities repudiated them. The notes came out between the third and the sixth Year of emperor Hsien Feng (1853-1856).

COPPER NOTES IN MANCHURIA

The Provinces of Kirin (with the exception of the Harbin district) and Heilungkiang were saddled for years with an irredeemable banknote circulation. styled *Tiao* and supposedly based upon copper. A string of copper cash, originally 1,000, but gradually less according to the usage of the place, was called *Tiao*. In the two Manchurian provinces all prices and wages, etc., were quoted in terms of *Tiao*. In some districts paper notes (which could only be used in the area in which they were issued) of even such small values as 100 cash, or one-tenth of a *Tiao* were in circulation, while in other territory only spurious cash coins were used.* The ancient metallic money of Manchuria was gradually replaced by provincial banknotes, supposed to represent so many *Tiao* of copper cash. According to existing records, the number of holecash contained in the *Tiao* varied in the two aforementioned provinces from 1000 to 145 per string.

By far the bulk of these inconvertible *Tiao* notes was issued by the provincial banks. Excessive issues were necessitated by the enormous increase of administrative expenditure, while income remained almost stationary. Due to the absence of reserves and the inconvertibility of the notes their market value fell from month to month. This tendency was in itself the cause for additional excessive issues to enable the provincial authorities to meet administrative expenditure. The latter, as well as commodity prices quoted in terms of *Tiao*, naturally had risen in terms of *Tiao* in the same degree as the value of fiat money declined, thus causing a vicious circle.

As these *Tiao* notes were not negotiable outside the borders of the province where they had been created, the authorities adopted a method to obtain silver or gold currencies with which to pay for war and other materials bought elsewhere. The government-controlled banks had been commissioned to purchase inland produce, chiefly soya beans, and pay to the farmers with *Tiao* notes. Often-times advances in paper money were granted in early summer when the peasants usually are hard up, thus insuring the delivery to the banks of the autumn grain crops. Late in the year, when the farmers came to town to purchase necessities, flooding the market with those *Tiao* notes, there invariably was a heavy drop in the market quotations of the *Tiao* notes, an occurrence which repeated itself every year at continuously lower levels. Losses caused by this state of affairs have been reliably estimated to have amounted to \$5 per annum and head of the total population of North Manchuria. At least 10% of a peasant's

† Translation by Dr. S. W. Bushell.

* See "Maritime Customs Decennial Reports," 1892-1901.

annual expenditure in North Manchuria had to be sacrificed to the steady depreciation of *Tiao* notes. In Fengtien Province (South Manchuria) the state of affairs had been much worse, for there was a large volume of fiat money calling for redemption both in silver and also copper cents; a circulation which also was constantly on the decline as far as market value was concerned.**

Kirin Tiao:	1914	1915	1916	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931*
January	9.58	11.98	15.49	70.61	92.30	105.92	136.5	132.9	203.9	286.2	353.4	181.26	264.60	571.14
February	10.03	15.55	16.35	81.75	91.25	115.02	152.2	136.6	233.8	292.8	356.2	195.07	276.40	693.43
March	11.11	15.71	16.72	84.14	93.93	125.62	156.4	150.0	237.8	311.2	374.7	190.67	279.79	700.01
April	13.93	16.81	19.09	80.32	103.27	147.70	160.1	166.5	250.2	345.2	388.8	189.47	287.37	800.03
May	16.34	18.41	18.81	80.39	111.32	154.22	159.4	163.6	259.2	321.3	379.7	193.90	320.22	875.45
June	17.70	13.96	15.79	85.78	115.64	153.33	172.6	166.7	239.3	314.2	401.9	192.77	390.18	680.53
July	17.38	13.88	15.16	83.48	112.49	156.08	172.1	162.1	237.1	303.4	339.9	194.64	371.59	789.23
August	19.49	15.06	12.92	83.31	116.70	149.61	153.1	155.5	235.2	305.7	314.2	209.93	315.58	837.42
September	18.34	13.93	12.85	78.54	133.89	138.25	177.5	164.1	244.3	312.0	331.6	222.55	376.49	947.61
October	16.50	13.68	10.69	73.50	155.80	134.97	141.3	166.0	272.1	320.5	319.2	222.37	383.00	882.72
November	—	12.69	10.04	87.36	134.90	111.16	124.0	170.4	286.1	306.1	321.1	239.74	401.70	805.41
December	11.03	14.20	13.39	87.08	114.60	111.69	116.8	173.3	301.6	313.1	345.6	249.29	434.27	789.63
Average							151.8	160.7	251.7	312.6	352.2	204.51	336.73	784.92

Tsitsihar Tiao:	1914	1915	1916	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931*
January	12.22	17.02	17.89	65.62	66.06	81.04	124.8	125.8	139.3	194.7	176.4	379.72	579.59	1,732.59
February	13.90	20.70	19.74	67.07	67.28	90.83	147.3	131.3	151.0	191.3	187.7	384.47	607.02	2,542.37
March	14.65	19.75	19.74	66.12	71.64	94.45	148.7	141.4	155.4	199.3	187.1	394.84	656.06	2,077.81
April	17.20	22.09	21.40	71.18	83.78	112.40	151.2	147.0	165.5	202.9	201.5	408.59	710.92	2,423.72
May	21.22	22.18	21.02	71.21	83.23	112.77	138.3	156.5	172.9	180.5	186.9	416.23	800.88	3,142.29
June	19.35	18.36	19.23	70.78	88.66	119.74	144.7	139.2	174.3	172.8	184.6	400.23	1,024.20	4,082.59
July	18.14	18.95	17.29	66.42	77.43	128.50	137.4	136.5	161.3	166.5	179.1	403.99	1,008.70	3,277.55
August	21.11	20.03	14.61	63.69	78.87	122.52	122.5	130.6	162.9	172.1	175.3	448.22	975.37	3,381.47
September	22.52	17.90	14.66	64.69	82.14	120.38	145.4	129.1	158.4	168.5	177.1	497.78	965.81	3,374.51
October	22.75	17.07	12.74	60.12	101.32	132.10	111.5	126.6	170.7	169.7	168.6	503.47	1,055.52	3,772.92
November	—	14.83	12.77	64.68	89.24	112.02	106.3	132.3	170.6	161.0	162.8	504.16	1,022.42	3,603.97
December	15.51	17.76	15.32	59.31	84.85	119.78	112.7	130.4	190.2	164.9	169.4	509.53	1,141.30	3,400.00
Average							132.6	135.6	164.2	178.9	179.5	432.97	857.47	2,771.05

* After 1931 there were no more official quotations, as these notes were redeemed between 1932 and 1935.

Unfortunately, the *Tiao* constituted the only currency of the rural population of Kirin and Heilungkiang provinces. To add confusion to injury, the issuers of these irredeemable notes were not only (though mainly) the provincial banks, but also private banks, commercial firms, pawnshops, and even distilleries. None of these institutions had deemed it essential to acquaint the world, or even the territory forming their own province, about the extent of *Tiao* notes issued by them. We are therefore obliged to have recourse made by people or corporations who are supposed to know conditions as they prevailed in these regions.

Tiao notes in circulation at the close of 1924, issued by the provincial banks' head-offices in Kirin and Tsitsihar, exceeded 6,000,000,000 *Tiao* in face amount.† The Japanese Chamber of Commerce in Manchuria estimated the total amount of paper issued by Heilungkiang Province to aggregate 2,500,000,000 *Tiao* at the close of 1928, while Kirin Province, at the same time, had 3,000,000,000 *Tiao*

in circulation. In order to show how fast the value of the *Tiao* notes dropped, the following example may be cited:

In 1905 the value of one Russian rouble was 2.15 Kirin *Tiao*; or 2.65 Heilungkiang *Tiao*.

In 1928 the value of one Japanese (gold) yen was 350 Kirin *Tiao*; or 180 Heilungkiang *Tiao*.

The preceding tables give monthly average prices of the Kirin and the Heilungkiang *Tiao* in terms of the Japanese (gold) yen for the years 1914 to 1928.‡

The Heilungkiang (Tsitsihar) *Tiao* showed a more rapid depreciation, chiefly because the idea "was first conceived there to make official purchases of cereals with provincial fiat money. When—in 1921—the Kirin authorities followed the example of their northern neighbor, Kirin fiduciary money surpassed the downward movement of the Heilungkiang *Tiao* in swiftness.

According to the official publication "THE CENTRAL BANK OF MANCHOU 1935" (fol. 20), the said institution took over the *Tiao* issues of Kirin and Heilungkiang provinces, namely:

Kirin 10,310,250,000 *Tiao* at the fixed rate of 500 *Tiao* for 1 yuan, making yuan 20,620,500;

Heilungkiang 8,176,570,000 *Tiao* at the fixed rate of 1680 *Tiao* for 1 yuan, making yuan 4,876,000.

Of the foregoing notes nearly 95% was presented for exchange by the end of March, 1935.

** See "Farm Economics in North Manchuria", by E. E. Yashnoff (in Russian). Economic Bureau, Chinese Eastern Railway, 1926.

† See "Russian Monitor", No. 3-4, Harbin, 1925.

ECONOMIC LETTER FROM TOKYO

Analysing the business situation in September-October, the Economic Planning Board states that adjustment of production consequent on the credit squeeze has made some progress and the relaxed feelings, which it was feared might defeat the stringency measures taken, have subsided. So long as the present stringency policy is persistently kept on, investments would be retarded and intermediate demands dwindle, and accordingly, even the employment situation cannot but be adversely affected, it says.

According to the Economic Planning Board, our national income in fiscal 1956 totalled Y7,685,500 million or a gain of 14% on the previous year's Y6,741,100 million, while per capita income amounted to Y85,205 also an increase of 12.8% on Y75,537 a year ago. If the price changes be taken into consideration, the increase in the real income per capita comes to 8.7%. Of the total income, salaries and wages amounted to Y3,851,400 million or 16.7% rise. Private business income shows a gain of only 2.9% at Y2,683,700

JAPANESE FILMS ABROAD

A postwar record of almost US\$1,260,000 worth of Japanese movie films were exported to countries throughout the world last year. Okinawa, the United States and Taiwan were the major importers, their purchases amounting to \$524,000, \$314,000 and \$105,000, respectively.

Japanese motion pictures achieved importance as an export commodity for the first time after World War II when the movie "Rashomon"—a Daiei Studio production—won the Grand Prix in the drama division at the Venice Film Festival in 1951. Since then, there has been world-wide interest in Japanese films which have found new hitherto undeveloped markets. Following resumption of trade in 1947, the value of movie exports under the flat payment basis up to the present year has been as follows:

(Unit: US\$)			
Year	Export Value	Year	Export Value
1947	32,300	1953	1,200,664
1948	152,000	1954	1,043,399
1949	228,000	1955	884,839
1950	283,100	1956	1,259,895
1951	503,657	1957 (Jan.-June)	565,618
1952	830,344		

In parallel with the comparatively rapid comeback of Japanese movies on the domestic market, their foreign sales also expanded favorably. After "Rashomon" won top honors, countries which had never seen Japanese films began to import

million reflecting a decrease in agricultural, forestry and aquatic products industries, while corporate income swelled 46% to Y872,000 million. On the other hand, national expenditure totalled Y9,287,800 million or a rise of 12.9% from 1955. Of this, consumption spendings of the individuals amounted to Y5,415,500 million, an increase of 6.7%, while Government purchases of goods and services accounted for Y1,710,000 million or 4.5% gain. Private capital formation (plant and equipment as well as inventories) amounted to Y2,256,400 million, a sharp increase of 63.9% reflecting brisk investments.

The Federation of Bankers Associations decided on the pending loan regulation issues. The main points of the decision are: (1) to dissolve the existing Voluntary Loan Regulation Committee and Investment and Financing Committee, and establish in their stead a new Fund Adjustment Committee; (2) in order to add to the power of the new committee in discharging its functions, advisers to be appointed from among officials of the Finance Ministry, the Bank of Japan, the Ministry of International Trade and Industry, the Transportation Ministry, the Economic Planning Board, and the Development Bank, and also experts' subcommittees to be established composed of managing directors class; and (3) to make what advice considered necessary whenever any moves contrary to the decision of the committee be found.

Agreement was reached to raise the interest of such short-term Government securities as food purchase notes and foreign exchange securities by 0.1 sen p.d. per Y100 (0.37% p.a.) to 1.55 sen p.d. (5.66% p.a.) from the present 1.45 sen. The loan rates of the city banks (interest rates agreed upon between banks and their clients) averaged at 2.287 sen p.d. per Y100 (8.34% p.a.) at the end of September, which is a rise of 0.43% compared with the end of last March. It is at about the same level as Feb.-Mar. last year, when the city banks began to embark on competitive extension of loans. The new Y100 silver coin was put into circulation.

them, and their exports reached a new high in 1953. The value of exports fell somewhat in the next two years because no pictures of the caliber of "Rashomon" were produced, but in 1956 foreign sales jumped by 43 per cent. Compared with other export commodities, however, exports have tended to be sluggish during the last three or four years.

Viewing last year's exports by destinations, Okinawa topped the list with \$524,000. Second place was the United States with \$314,000; and third, Formosa with \$105,000. Other principal importers of Japanese films were Hongkong, Communist China, Brazil, the Soviet Union and India. Most of the other major countries in the world also purchased Japanese pictures although their value was insignificant. It is believed that in the case of Okinawa and Brazil, the large number of Japanese residents there is the main reason for the large imports of Japanese pictures. The United States, Formosa, Hongkong and Communist China, however, can be appraised highly as genuine markets since it is the native people themselves who appreciate these movies in those countries.

As an export commodity, the ratio of foreign currency earnings of Japanese movies is very high. This is due to the fact that almost all the films, in the case of black and white movies, are made in Japan while more than half of the color pictures are produced from domestic materials. Raw materials costs thus account for a small part of the selling price. Motion pictures play a powerful role in publicizing Japanese products to foreign audiences in an indirect way and also help introduce the high standards of Japan's industries and technology. They can be utilized in helping people in foreign countries gain a better understanding of the country's economic power. A significance which cannot be overlooked, moreover, is the fact that movies can foster the feeling of friendship by showing foreign audiences the conditions existing in Japan and the national character of the people—a condition so essential in promoting exports and other forms of economic cooperation. Exports of films, therefore, cannot be measured merely in terms of acquisition of foreign exchange.

Motion pictures are thus a suitable export product, but transactions for their sale involve a number of special problems. Firstly, the value of each production differs although they may have all been produced by the same company, and it is difficult to send samples, e.g., previews, in order to conduct negotiations. Secondly, because of the requirement of special types of perception, knowledge and experience, ordinary trading firms are unable to handle movies. The worldwide tendency is for movie distributors themselves to directly handle both exports and imports. Thirdly, there is the problem of how to overcome the differences in languages at present being met by dubbing and by superimposing sub-titles. Since Japanese has an entirely different word order from foreign languages, translators must be especially careful. In order to avoid misunderstandings arising from differences in customs, it is important that each scene be carefully studied and offensive parts re-edited. Finally, efforts should be made to familiarize foreign audiences with Japanese screen personalities, such as actors, actresses and directors.

Necessary measures to promote movie exports are, as in the case of other commodities, the improvement of quality, lowering of prices and the development of markets. In respect to improvement of quality, the world-wide trend is toward color films and wide screen pictures. In view of the need for high technical knowhow in order to compete with foreign movies in overseas markets in the future, both government and civilian circles have made great efforts in this direction. As a result, in the first

SUCCESS OF JAPANESE CAMERAS

More than 40 per cent of the 100,000 odd cameras produced in Japan each month are being exported. Value of foreign sales in 1956 amounted to US\$10 million and it is estimated that this will rise to about \$17 million in 1957. Japanese cameras, which have come to be recognized for their quality, are enjoying a larger share of the United States market which has in the past been dominated by Germany. Their popularity is growing in Europe. Cameras are one of the export items most suited to Japan's present conditions since they can be produced entirely with domestic raw materials and special technical skill. For example, materials account for only 20 per cent of the entire production cost, the ratio of hand work in assembling a camera being extremely high as compared with other industries. As a result of special efforts made by manufacturers to better production techniques, Japanese cameras have shown a vast improvement in quality and performance. Along with increasing sales abroad, they have come to be recognized as being on an international level; Japanese lens are among the finest in the world.

* * * *

A daguerreotype was first imported into Japan 115 years ago in 1841 only two years after it was invented in France. The history concerning pictures is clear but that regarding cameras is vague. The first Japanese cameras incorporating the ideas and form of the present-day camera and capable of taking namecard size pictures were made in 1903. Cameras with domestically produced lens, however, did not appear until 1925, approximately 20 years later. Japanese cameras thus have a brief history of only 30 years. Considering the fact that their manufacture was suspended during World War II

half of this year, 37 or 15.7 per cent of the 235 movies produced were color pictures, while 14 movies or six per cent were filmed for large screens. This is considered a welcome trend toward the fostering of international competitive power.

Since movies are products, each one of which possesses different qualities, constant publicity must be carried out in order to cultivate new markets. In view of this, Government supported organizations for this purpose exist in many countries, as for instance, Italy and France. Recognizing the need for such a body, movie circles in Japan established this year with the support of the Foreign Office and the MITI an association for publicizing Japanese movies, called the Japan Motion Picture Export Association. Great hopes are pinned on the activities of this organization in publicizing Japanese movies abroad in the future.

Exports of movies up to the present have been mostly on a flat payment basis, i.e., a flat sum for a film without regard to revenue derived from performances. But since 1956 efforts have been made to change over gradually to the commission system, i.e., royalties according to amount of proceeds from performances. The latter formula is favored since the former is disadvantageous to the movie industry in that the earnings of importers are not reflected in the value of exports. Since exports are restricted in many cases by the levying of various duties by importing countries, major movie exporting nations are trying to cope with this problem by concluding various agreements. Government assistance is being given in Japan to promote wide screen color movies and to participate in various festivals. Further efforts will be made hereafter to stimulate exports. With efforts being made to expand overseas markets through trade and diplomacy, the outlook for Japanese motion picture exports is considered to be bright.

following their most flourishing period in 1940, the Japanese camera industry can be described as a new postwar industry. The highest prewar production was attained in 1940, but average monthly output at that time totalled less than 20,000 units as compared with over 100,000 today. The advance made in the construction and performance of Japanese cameras has been so great that no comparison is possible.

The major camera producing countries in the world are West Germany, the United States and Japan. Japan concedes the lead to West Germany which boasts a history of 60 odd years in camera production. Japan, however, matches Germany in the manufacture of optical engineering equipment, especially as concerns with cameras.

The development of Japan's camera industry during the 10 postwar years can be described as amazing. Much of this progress is due to techniques cultivated prior to the war and to lens research on optical military weapons during the war. It is estimated that about five million people in Japan possess cameras, representing one camera to each 3.6 families. It works out at one camera to every 18 persons as calculated against the total population. The number is nowhere near the 50 million cameras possessed by Americans in 1948 and far from the industry's target of one camera to each family.

Putting production at 100, the rate of shipments in 1951 was 99.8; 1952, 98.9; 1953, 97.0; 1954, 94.9; and 1955, 101.4. The average for the five years comes to 98.3. Even in 1954, when shipments were at their lowest, stocks on hand added up to 40,000 units, which came to approximately 63 per cent of the average monthly output of 64,000 units for that year, and was thus by no means a low figure. From January to September, 1956, shipments slightly exceeded production. Taking 1951 as the standard year, production jumped by over four times in 1955 while in the latter half of 1956, it far surpassed the monthly average of 74,000 units of the previous year. Monthly production finally topped 100,000 units and is still increasing steadily.

The rate of growth in production, domestic consumption and exports in 1955 (assuming that 1951 equals 100) was 4.2 times, 6 times and 2.2 times, respectively. The rate of gain for exports was the lowest but it must be pointed out that foreign sales of domestic-made cameras prior to the war was not even considered possible. As a matter of fact Japan imported 80% of her domestic consumption of cameras in those days. Monthly production in 1956 topped 100,000 units, of which over 40 per cent is exported at present. From a national standpoint, the export of Japanese cameras should be fostered and developed as an important foreign exchange earner.

The ratio of exports to production stood at 46 per cent in 1951, 34 per cent in 1952, 20 per cent in 1953, 20 per cent in 1954, 24 per cent in 1955 and 29 per cent in 1956 (January-September). There was no sharp gain but the value of exports showed a steady rise as follows: 1952, 136 per cent; 1953, 137 per cent; 1954, 148 per cent; and 1955, 172 per cent. An increase of 105 per cent over the previous year was recorded in 1956 (January-September); and especially in the latter half, the ratio of exports to production climbed to more than 40 per cent. On the other hand, the value of foreign sales for the entire year (January-December) finally reached \$10 million. Greater hopes are pinned on exports for 1957 which are expected to total about US\$17 million.

Ever since the exhibition of photographic equipment and materials held in the West German city of Cologne in September, 1955, many export contracts have been concluded for popular Japanese cameras. The establishment of a camera service

REPORTS FROM CHINA

The First Five-Year Plan—Vice-Premier Li Fu-chun declared that China's gross industrial output increased by 130% during the first 5-year plan period. Following achievements were claimed: steel output increased from 1,350,000 tons in 1952 to 5,240,000 tons in 1957; grain output from 154.5 million tons to 185 million tons (excluding soya beans); cotton output from 1,305,000 tons to 1,640,000 tons in 1957. During the period, capital investment amounted to 48,490 million yuan (about 7,000 million pounds sterling), 56% being for industry; 820 major industrial projects were launched and 450 completed. 8,500 kilometres of new railways were constructed. Employment in industry increased by 8 million persons. Number of engineers and technicians increased by 600,000 and workers' wages rose by 37% (up to the end of 1956). Peasants' incomes also improved by 30%.

center in Europe is now felt necessary. The New York camera service center opened in New York in August, 1955 has proven a huge success. Exports to the United States in the six month period of 1956 (January to September) increased by 146 per cent over the preceding year in volume and 142 per cent in value. U.S. imports of cameras according to figures published by the Commerce Department show that the rate of gain (taking 1950 as the standard year) for Japanese and German made cameras is 10 times to 2.5 times in terms of quantity and 13 times to 2.3 times in terms of value, respectively. Incidentally, the rate of increase in camera imports by the United States up to 1955 (taking 1950 as 100) amounted to three times in value and seven times in quantity.

The progress and development of domestically produced cameras have been amazing, but it cannot be denied that a number of problems exist. Following are some of the problems considered most serious:

First, there is the problem of supply and demand. It is estimated that stocks on hand total approximately five million units with about 50,000 to 60,000 cameras being purchased each month. This quantity is believed to represent the limit in demand. In contrast, production has been rising from a monthly output of 75,000 units in 1955 to over 100,000 in August, 1956 and thereafter. All the camera companies have been placing emphasis on investments to bring their facilities up to date, but as of October, 1956 facilities over 10 years old comprised 68.1 per cent of the total. Compared with Japan's chief competitor, West Germany, there is an immense difference since the latter possesses the most modern equipment available, their old plants having been razed during the war. The renovation and modernization of Japanese camera factories is an urgent necessity. It naturally follows from the increase in exports that the task hereafter for the industry will be how to cope with the decline in the profit ratio resulting from larger production and bigger taxes.

It should be pointed out that there are only a few large concerns in the industry with a capitalization of over Y100 million, the rest being small and medium sized firms totalling 50 in all. These latter are very conscientious and can manage to get along without trouble as long as they manufacture original products of their own. Since West Germany has recently made spectacular progress in the development of lens processing equipment, Japan cannot stand by idle. It must import new techniques for modernizing and rationalizing its present facilities.

Priority was given to the development of heavy industry. The gross output of the means of production trebled in five years. Of the 156 Soviet-aid key industrial projects, 57 were completed and another 10 partially put into operation by the end of last year. A series of new branches of industry were established, including the manufacturing of aircraft, motor vehicles, locomotives, machine tools, power equipment, metallurgical and mining equipment, high-grade alloy steels and non-ferrous metals. Over 60% of the machinery and 80% of the metals China required during the period were supplied by domestic industries. Chinese engineers and skilled workers are now designing and building metallurgical works, coal mines, power stations, oil refineries, machine-building plants, chemical works, railways and water conservancy projects. The Northeast industrial base with the Anshan steel complex as its centre was established. The industrial foundations in Shanghai and other coastal cities were strengthened while new industrial areas took shape in North, Central and Northwest China. Apart from railway construction, more than 70,000 kilometres of motor roads were built. New vessels totalling 410,000 tons were added to the country's merchant fleet.

A steady growth of output of grain and other farm crops was achieved despite serious natural calamities. Irrigated area was enlarged by 60% to 37.3 million hectares. Government allocations for agriculture, water conservancy and forestry amounted to 7,500 million yuan (over 1,000 million pounds sterling). Agricultural loans issued by the state bank to agricultural cooperatives and peasants amounted to 2,900 million yuan (over 400 million pounds sterling).

The Second Five-Year Plan—Li Fu-chun also boasted that China's steel output would reach 12 million tons in 1962, at the end of the second five-year plan. Other targets he set for the second five-year plan follows: coal, 230 million tons; electricity, 44,000 million KWH; chemical fertiliser, 7 million tons; cement, 12.5 million tons; farm machinery, a considerable increase in accordance with actual needs; grain, 240 million tons (55 million tons more than in 1957); cotton, 2.15 million tons (half a million tons more than in 1957); hogs, 220 million head (100 million head more than in 1957).

Priority will still be given to heavy industry during the second five-year plan. The output of the entire heavy industry will be more than doubled. To promote agricultural progress, the branches of heavy industry directly or indirectly serving agriculture will be developed at an even faster pace. Agricultural output made up nearly half of the gross industrial and agricultural output in China last year while the rural population accounted for over 80% of the country's total population. To accelerate the progress of agriculture, emphasis will be laid on raising the area yields by putting into effect various measures provided for in the Draft National Programme for Agricultural Development from 1956 to 1967. Reclamation of waste and virgin land will be an auxiliary measure.

National Economic Planning—A draft 1958 national economic plan envisaging a big growth in industry, agriculture and capital construction was worked out at the National Economic Planning Conference held in Peking last month. The draft plan was based on the proposed figures for the second five-year plan put forward by the Eighth National Congress of the Chinese Communist Party in 1956. Major principles in mapping out the 1958 draft plan included:

developing industry and agriculture simultaneously on the basis of priority to heavy industry; producing and building more, faster, and of better quality and more economically; catching up or surpassing Britain in the output of steel and other major industrial products in 15 years; carrying out the tasks set in the Draft Programme for Agricultural Development (1956-1967).

Agricultural Development—A vice-chairman of the State Planning Commission stated that prospects were favourable for agricultural development in China during the second five-year plan period. He based his conviction on unsupported and mostly imaginary figures. He said *inter alia*: Funds allotted to agriculture in the second five-year plan will be raised to over 10% of the state's total investment. In the first five-year plan, state funds used for agriculture, forestry and water conservancy amounted to approximately 8% of the total investment, i.e. about 3,810 million yuan. In the period of the first five-year plan, the peasants themselves accumulated about 12,000 million yuan; in the period of the second five-year plan this figure is expected to increase by 50%. Agricultural production during the second five-year plan will therefore be greatly intensified. At the beginning of the first five-year plan, small-peasant economy still dominated China's agricultural economy. The year 1956 was the first year in which the country fundamentally carried out agricultural cooperation. Though 1956 suffered from worse floods than 1954, China's food production surpassed not only 1954 but also the bumper harvest year of 1955. The work of water conservancy and irrigation for an area of over 6.66 million hectares was completed in 1956, almost doubling the original target for the first five-year plan. The total area of water and soil conservation for the past few years was approximately 140,000 square kilometres, but in 1956 alone it was more than 70,000 square kilometres.

In the period of the second five-year plan, industry will render greater assistance to agriculture. Agricultural development is impossible without the support of industry. China now has 20,000 tractors (taking each as 15 horsepower) in addition to a large number of double-wheel double-blade ploughs, water conservancy equipment and insecticide sprayers added during the first five-year plan period. During the second five-year plan, more tractors, transplanting machines, harvesters, means of transport and chemical fertilisers will be provided. In 1962 chemical fertiliser production will reach between five and seven million tons—seven to ten times more than in 1957. Two tractor plants

in Loyang and Tientsin will commence production during the second five-year plan. Meanwhile the development of the artificial and synthetic fibre industries will relieve agriculture of its burden in the textile industry, thereby indirectly promoting agriculture with foodstuffs as the principal products. Measures to increase production will include: increase of the acreage of cultivated and planted land; land reclamation in the Northeast and the Northwest and in lakeside areas; increase of the acreage of tropical and sub-tropical crops; increase of the acreage of paddy fields and irrigated land at least by 13 million hectares; further development of the mountainous areas, animal husbandry, marine products industry and afforestation; great increase in the output of bean cake fertiliser and manure. The number of pigs throughout the country will reach 250 million in 1962, nearly twice as many as in 1957.

Sino-Soviet Scientific Agreement—A five-year scientific cooperation agreement between the academies of sciences of China and the Soviet Union was signed in Peking last month. The two academies also signed a protocol for scientific cooperation for 1958. Academician A.N. Nesmeyanov, President of the USSR Academy of Sciences, said after the signing of the agreement that its significance far exceeded the scope of cooperation between the academies of sciences of the two countries. Its execution would have a favourable effect on the whole process of the development of science effect on the whole process of the development of science in the Soviet Union and China. Kuo Mo-jo, Vice-Chairman of the Standing Committee of the Chinese National People's Congress and President of the Chinese Academy of Sciences, said that the conclusion of the agreement was the result of the joint work of the two countries for the past eight years. The agreement provides for joint research and investigation of both countries and coordination in the research of important scientific and technological problems and other scientific questions of common interest. The protocol for scientific cooperation in 1958 attaches high importance to mutual help in the training of young experts.

Bank Deposits—Total bank deposits in China's cities and towns reached 2,745,000,000 yuan by mid-October, according to a report from Peking. This is 22.3% higher than the record at the end of 1956. The total deposits in Shanghai alone amounted to over 500,000,000 yuan. Saving deposits by overseas Chinese in Fukien and Kwangtung provinces increased by 13 million yuan in the first three quarters last year.

FORMOSAN CITRONELLA OIL

Use of Citronella Oil

Citronella Oil is generally used for the manufacture of the following products:— A. As the basic material for Isopulegol thence to Menthol. B. As basic materials for producing Hydroxyl Citronella and Geraniol.

Although the world's actual demand for this commodity is not known, there are good reasons to believe that demands are increasing due to an ever widening scope of the use of essence and aromatic materials. Ever since 1948 when Taiwan citronella oil became an exportable commodity and was recognised all over the world, its annual export shows a constantly increasing tendency. From 1948 when the export was a meager 1,700 drums, it reached 13,500 drums in 1952. Though 1954 and 1955 showed sharp decreases due to natural catastrophe and curtailed production,

a revival was again shown in 1956 during which its export rose to 12,000 drums.

There might be arguments that the increase of Taiwan production is merely a reflection of decreases elsewhere such as Indonesia, Guatemala, and Ceylon, but reference should be made to the annual import figures of the United States, which stepped up from 2,549 million pounds in 1951 to 4,680 million pounds in 1952. This tendency may not continue indefinitely, although there seems to be an increasing demand all over the world. There is no indication of stocks being piled up year after year in Taiwan. Except a small quantity of hoarders-stock in the hands of farmers and brokers, all the production is sold.

Citronella oil is chiefly used for producing Menthol Crystals. It is interesting to note that among all other

materials such as Ho oil, camphor oil, turpentine oil, the cheapest ingredient is citronella oil. As long as the market price of menthol remains at US\$6 to US\$6.5 per pound, manufacturers will take advantage of buying citronella oil to fulfill their production schedule. Assuming the price of oil stands at US\$0.90 to US\$1.10 per pound, there will always be a profitable margin for the manufacturers whose production ratio from oil to menthol is roughly between 1:5 and 1:6. At the present, many manufacturing processes are patented and production cannot become general until other methods are used. The use is widening and there is no cause for alarm that production, even if there should be a mild increase, will exert a pressure on demand.

General Planting Conditions

Strange as it might seem, cultivation of citronella grass has never been the monopoly crop of farmers. Citronella grass is indeed a cash crop, but over the generations the farmers have not forgotten their most dependable crop of rice. Plantation of citronella grass is somewhat a novelty, and mostly regarded as a supplementary crop which is dispensable should circumstances so dictate. Farmers are often using half of their time and money in citronella plantation, but the majority will not spend more than 20% to 30% of their time, money or effort. If they see encouraging prices at the beginning of a season, farmers will buy fertilizer and start tending their cultivation in February or March. On the contrary when they see no incentive of doing so, they will not bother about the grass. Whether or not fertilizer has been applied can be detected in the production figure of May or June. If the yield of these months is high, one can safely presume that intensive cultivation has been done and vice versa. Farmers will only exert extra efforts when the price of oil stands at NT\$35 per catty which is equivalent to \$1 to \$1.10 per pound.

Current Production

The following statistical data show a record production in 1957:—

Estimated carried-over stock of 1956 held in the hands of farmers and oil-brokers	Maximum 1,000 drums
January	650
February	250
March	400
April	650
May	1,200
June	1,300
July	1,100
August	1,000
September	1,650
October	1,700
November	1,100
December	1,100
Total	13,100
	(including 1,000 drums as carried over stock)

The above estimate is practically the same as last year, perhaps a little more.

In 1952 when production reached 13,500 drums, price dropped to US\$0.40 per pound at the lowest mark. If production is so near to that of 1952, one may ask, will prices come to this level soon? The answer is negative. When one recalls the unhappy time of 1951, one cannot forget the management of the Central Trust of China at that time. Government was acting in good faith to give farmers some

form of support and entrusted Central Trust to purchase citronella oil without setting a limit. The result was catastrophic. With a large stock of oil in their hands the Central Trust had no alternative but to ship the lot to New York where they were compelled to sell at the mercy of shrewd operators. History will not repeat itself, as Taiwan already shipped off 35%-40% of production and one can foresee a revival of buying interest as soon as the big consumers make up their mind. An equilibrium will be attained and trading will go along without violent ups and downs.

Hoarders' Stocks

When we study the problem of production and supply we must take into consideration the stocks in the hands of farmers, distilleries and oil brokers. Irrespective of production and price there is always a certain amount of oil held back by those who produce it or those who trade it. Lacking a proper word we may call this portion as "Hoarders' Stocks." If prices are good the stocks might become thinner, while a sizable stock could be built up in an unfavourable market. A man's nature dictates him to save and to keep back a part of his harvest. The little farmer who by hard labour and sweat has wrangled the few drums of oil drop by drop from his field will be happy to see a collection of his toil safely kept in his own back-yard. He has sentimental reasons to keep the oil there, and it is always there. When prices are good the little man might be tempted to sell a part of his holding, but as soon as he could replace it he will do so without hesitation. Particular incentive is created when this man could sell one drum at a good price and then to buy back with the same amount of money one and half or even two drums for safe-keeping. If there are thousands of these small men each holding, say, half drum to a few drums, the total will become a very impressive figure.

At the beginning of this year one estimated that the total holding during January and February was around 1,000 drums. These had been sold gradually when the market price was between NT\$35-NT\$40 per catty. At a price of NT\$22 (in late May) the small stock-holders began to recover and they are very happy now to see their stocks having increased by 50% more. With already several good years behind them, we estimate that the hoarders' stock could reach as much as 3,000 drums without having to dump on the market. What will become of these stocks, one might ask. The stocks will remain in the hands of hundreds of hoarders, and will not be disposed until the next season when less acreage will be planted. This is perhaps one of the reasons that we presume that an increase of a thousand drums or so for export from whatever source need not affect farmers as seriously as some might think. It takes a very substantial increase of production from other sources to cause a panic among these small stock-holders.

Production & Price

	Production Figures of Taiwan	Market Price in New York	
		Highest	Lowest
1948	1,700 drums	\$1.20	\$1.00
49	2,900 "	1.40	1.20
50	4,850 "	2.20	1.25
51	6,500 "	2.50	0.75
52	13,750 "	0.65	0.40
53	13,200 "	0.70	0.45
54	9,500 "	1.40	1.20
55	6,500 "	1.90	1.20
56	12,500 "	1.85	0.75
57	12,100 "	1.00	

Not counting the carried-over stocks.

When the price of oil stood at US\$1 or slightly above in 1948 (the equivalent of US\$1.10 to US\$1.20 at today's cost-of-living index) farmers began to cultivate in earnest. The plantation which started then began to reflect on the production of 1949 through 1951. In 1950 and 1951 due to "scarcity buying" resulting from Korean War, prices leaped to as high as US\$2.50 per pound and farmers really put all their efforts to intensive cultivation. The sudden increase from 6,500 drums to 13,750 drums caused a heavy pressure on the supply end. Without the benefit of experience and still less organised were the farmers at the time, these stocks were collected by the Central Trust of China and later on dumped into the New York market. In 1953 the cultivation was curtailed which again was reflected in diminishing production of 1953 and 1954. Between 1954 several typhoons, droughts and floods hit Taiwan which adversely affected the production and prices subsequently recovered.

At the beginning of 1956 everyone believed that a record production would be in sight and short-sellings caused the market to go down as low as US\$0.75. The most disastrous time occurred in September onwards when everyone realised that production was by no means substantial and at the latter half of the year prices leapt to as high as US\$1.35 per pound. The utility life cycle of citronella grass—its production cycle—is about 3-4 years; although the farmers start cultivation in earnest, production will be reflected in the next and the one after the next crop. A curtailed production will carry its lingering effect as long as two to three years.

Conclusion

An unsteady market and violent price fluctuations will be detrimental, in the long run, to the best interest of end-users as much as to the exporters. An oil merchant should not, apart from his fair share of profit, cherish the thoughts of "making a killing", and when he sells to his clients, the sale incentive must never be motivated by thoughts of gamble. Vice versa, it is hoped that traders of citronella oil will buy or sell without giving too much thought on boosting or depressing the market. Past experiences have shown that many will suffer if the market is unsteady. Defaults or heavy losses have been the inevitable result everytime an upheaval occurred. Spread-buying and spread-selling is the criterion of safe-trading and the most dependable guarantee against violent price fluctuations.

It is highly advisable for the buyers to consider the ill effects of violent upheavals which are detrimental to everyone's interest. It follows that they should spread their purchase orders rather than wait until a turning point from where the market may change from hour to hour. Admittedly on the part of the sellers they must do their share to stabilise the market and work toward that objective. At present there exists the Union of Taiwan Citronella Oil Exporters which is not a cartel nor a guild. They are formed as a commercial organization comprising sixteen member shareholders who are themselves active traders of citronella oil and conduct their own export trade; and the Union acts as a trustee for its members in collecting oil from the farmers, oil brokers and distilleries. The Union has its own godown and operates a Refining and Mixing Plant in Miaoli—the center of citronella oil production. The Union has no intention to participate in export trade as a competitor to its members. Except in one very exceptional case, the Union does not handle any direct exports. Its objective is to promote trade and endeavours to create a better and more stable market.

ECONOMIC INDICATORS OF TAIWAN

PERIOD	Population		National Income		Money Supply				Note Issue		Interest Rates in Taipei		Price Indices in Taipei		Cost of Living Index		Foreign Trade (US\$ Million)		Imports		Railway		Highway								
	1000 Persons	Index	NT\$ Million	Index	Per Capita Income	Index of Industrial Production	Index of Agricultural Production	Net		Gross		NT\$ Million	Index	NT\$ Million	Index	Monthly Rate	Index	Wholesale	Retail	Wage Index	Exports	Total	Exchange Settlement	U.S. Aid	Self-provided	Index	T-Km. Million	Index	T-Km. Million		
								Index of Industrial Production	Index of Agricultural Production	NT\$ Million	Index																			NT\$ Million	Index
1948	7,387	87.7	---	---	---	47.9	74.1	293	17.4	360	16.3	198	20.1	17.4	404	11.1	12.9	10.4	10.4	33.9	34.9	26.0	8.9	---	882	61.2	20	25.6			
1950	7,554	89.5	6,106	34.5	749	38.3	52.7	75.6	584	34.7	746	33.8	391	39.9	12.0	279.1	45.1	52.2	50.5	33.5	93.1	122.7	91.6	20.5	10.6	974	67.6	38	46.2		
1951	7,869	93.3	8,885	50.2	1,049	53.6	56.8	82.2	940	55.9	1,131	51.2	595	60.5	10.5	244.2	74.7	81.9	65.5	54.8	93.1	143.3	84.3	56.6	2.4	1,010	70.1	51	65.4		
1952	8,128	96.3	13,957	73.2	1,485	75.8	76.6	91.2	1,286	76.4	1,656	74.9	748	76.1	6.6	153.5	91.9	95.7	84.6	80.1	119.5	207.2	115.2	83.1	2.7	1,254	87.0	64	82.0		
1953	8,438	100	17,690	100	1,958	100	100	100	1,653	100	2,210	100	983	100	4.3	100	100	100	100	100	129.8	190.6	100.6	84.0	6.0	1,441	100	78	100		
1954	8,749	103.7	18,521	104.7	1,976	100.9	104.7	101.4	2,128	126.4	2,804	162.9	1,228	124.9	4.1	95.3	102.4	100.3	101.7	111.3	97.8	204.0	110.2	87.9	5.9	1,469	101.9	129	165.4		
1955	9,078	107.6	22,486	127.1	2,310	118.0	114.7	103.6	2,555	151.8	3,122	154.4	1,484	151.0	4.5	104.7	116.8	114.3	111.7	125.2	133.4	190.1	91.6	89.2	9.3	1,727	119.8	116	200.0		
1956	9,374	111.1	25,975	146.8	2,581	131.8	117.3	106.6	3,229	191.9	4,382	198.3	1,675	170.4	3.9	90.7	131.6	126.3	123.5	141.1	130.1	227.2	114.4	95.4	17.4	1,777	123.3	155	198.7		

THE REPUBLIC OF THE PHILIPPINES

PART ONE

PHYSICAL BACKGROUND

The Philippines lies off the southeast coast of Asia, a little above the Equator. It consists of a chain of islands stretching almost a thousand miles north to south. There are 7,100 islands and islets, of which more than 4,000 are unnamed, in the Philippine archipelago. The total land area is 114,830 square statute miles. The Philippines is thus a little larger than Great Britain and Ireland, a little smaller than either Japan or Spain. About 100 miles to the north of the Philippines is Taiwan (Formosa). To the west and north lies the China Sea; to the east, the Pacific Ocean; and to the south, the Celebes Sea and the waters of Borneo. The Philippine archipelago is situated between 21° 20' and 4° 30' North latitude and between 116° 55' and 126° East longitude. Luzon, Mindanao, Mindoro, Samar, Panay, Negros, Cebu, Palawan and Leyte are the biggest islands in the group.

The Philippines has an irregular coastline that stretches for 10,850 statute miles, twice as long as the coastline of the United States. It has 61 natural harbors, 20 land-locked straits, and hundreds of rivers, bays, and lakes. Manila Bay, which has an area of 770 square miles and a circumference of 120 miles, is one of the finest natural harbors in the world. The Philippine Deep, located east of Mindanao, has a depth of 35,440 feet. It is the world's second deepest sea.

There are numerous peaks from north to south, of which Mount Apo in Mindanao, rising 9,600 feet, is the highest. Mount Pulog, in Luzon, is second with a height of 8,481 feet. The northern and eastern parts of Luzon are studded with rugged mountains. The Cordillera, the Sierra Madre and the Carballo mountain ranges form imposing ramparts around the Central Plains of Luzon. Volcanoes abound in the Philippine archipelago. At least ten of these volcanoes are active; the rest, dormant. The most famous of Philippine volcanoes are Mayon, in Albay Province, which has a near perfect cone; Taal, in Batangas Province, the smallest volcano in the world; Apo, in Davao Province; Bulusan, in Sorsogon Province; Banahaw, in Quezon Province; Hibok-Hibok, in Camiguin Island; Araya, in Batanes Island; Makaturing, in Lanao Province; and Isarog, in Camarines Sur. Of these volcanoes, Mayon has been the most active. It has erupted more than 30 times since 1615. The eruption of 1874 was the most devastating. It killed 1,200 persons and completely buried the town of Daraga. Taal Volcano, which is in the middle of Lake Bonbon (Taal), has erupted no less than 22 times. Its most destructive eruption took place on January 30, 1911. More than 1,300 persons were killed.

The tropical climate of the Philippines is tempered by breezes from the Pacific Ocean and the China Sea. There are two seasons: the summer or dry season, extending from March to June, and the wet season, extending from July to October. The warm months (April to October) have a mean monthly temperature of from 26.9°C. to 28.1°C., while the cold months (November to March) have a mean monthly temperature of from 25.4°C. to 26.5°. May is normally the warmest month of the year; January, the coldest. The climate was well described by the first Spanish Governor-General, Miguel Lopez de Legaspi, when

he wrote to King Philip II of Spain in 1569: "This country (the Philippines) is salubrious and has a good climate."

Typhoons have exerted some influence on the climate and weather. They are classified into "remarkable" and "ordinary". The "remarkable" typhoons have destroyed millions of pesos worth of property and agricultural products. Within the living memory, the island of Samar has been struck by more than 14 "remarkable" typhoons, while Ilocos Norte and the Babuyan Islands have experienced more than 20 "ordinary" typhoons. In 1953, a "remarkable" typhoon lashed at the Bicol and Ilocos regions. Thousands of people were left homeless.

The country, being within the seismic belt of the Pacific, has experienced severe earthquakes, but these have not been as destructive as those that continually rock Japan. Manila, the ancient capital city of the Philippines, experienced its last severe earthquake in 1937. One of the most destructive earthquakes in Philippine history occurred on June 3, 1863, when the Manila Cathedral and hundreds of structures collapsed and many people were killed. The most destructive in recent years occurred on April 1, 1955, when the Visayas and Mindanao were rocked by a series of quakes ranging from Intensity III to Intensity VIII. Millions of pesos and hundreds of lives were lost in the region around Lake Lanao, in Mindanao.

DEMOGRAPHIC BACKGROUND

The Philippines has a total population of more than 21,000,000, compared with only 7,600,000 in 1903. The population is mixed and includes extreme racial types.

The Negritos, a primitive people, live in the mountains. They are a short, black people with kinky hair, flat noses and brown eyes. Their culture belongs to the Old Stone Age. They have no government and no fixed homes. They live by hunting, fishing, and gathering wild fruits, roots, and rice. Their houses are made of leaves, sticks and grasses. Their favorite weapon is the bow and arrow, which they use with dexterity. They have their own songs, dances and musical instruments. Their religion is a form of fetishism.

Unlike the Negritos who had come by land from Central Asia, the Indonesians came to the Philippines by sea. They are of Mongoloid stock with Caucasian strains, and are relatively tall. They came in two waves from about 8,000 to 3,000 years ago. The first type is of slender build, with light complexion, thin face, high aquiline nose, broad forehead, and deep-set eyes. The Ilongots of the Sierra Madre and Carballo mountains are descendants of the early Indonesians. Culturally, the Indonesians belong to the Neolithic Age. They live by hunting, fishing, trapping, and by a method of dry agriculture known as the kaingin system. Their weapons are bows and arrows, blowguns and knives. They build two kinds of houses: one on the ground; the other on the tops of trees. In ancient times, they cooked their food in bamboo tubes. Their plates and cups are made of leaves, and they eat with their fingers. They observe common laws.

Following the Indonesians were the Malays who came to the Philippines in boats called barangay. The Malays are brown, of medium height, with slender bodies, flat noses,

black hair, and brown eyes. Their culture belongs to the Iron and Porcelain Ages. Before coming to the Philippines, they had extensive cultural contacts with India, China, and Arabia. When they settled in the Philippines, they already had their own government, laws, language, alphabet, literature, arts and sciences. Their weapons consisted of daggers, bronze cannon called lantaka, swords, spears, knives, and bows and arrows.

The Malays were believed to have come from Southeast Asia in several waves, starting at about 200 B.C. Today, their descendants—the Ifugaos, the Bontocs, the Igorots, and the Tingguians—live in the mountains of northern Luzon. The second wave started about the first century of the Christian era and continued until the 13th century. This second group of Malays were the ancestors of the present Tagalogs, Visayans, Ilocanos, Pampangos, and other Christian Filipinos. The third wave came between the beginning of the 14th century and the middle of the 15th century. They were Mohammedans, the ancestors of the present Moros or Mohammedan Filipinos of Mindanao and Sulu.

The following table shows the Philippine racial ancestry *—

Primitive Types (land-migrating):		
1. Austroloid-Sakai	}	----- 1,750,000
2. Negrito		
3. Proto-Malay (or Short Mongoloid)— Mesolithic		
New Stone Age (Neolithic) Types (sea-migrating):		
4. Indonesian A	}	----- 1,250,000
5. Indonesian B		
6. Papuan (or Melanesoid)		
Early Iron Age Types (sea-migrating):		
7. Northern Malay (copper-bronze age)	}	----- 7,000,000
8. Southern Malay (true iron age)		
Historic or Protohistoric Types (ship-migrating):		
10. Hindu (Indian)	}	----- 3,500,000
11. Arab (and Persian)		
12. Chinese and Japanese, and other East-Asians		
13. European and American		
Total		----- 17,500,000

LANGUAGE

The Philippines has more than 70 native languages or dialects of which nine are distributed over sufficiently large areas to be considered major languages. These are Tagalog (spoken in Manila, Marinduque and Mindoro islands, the provinces of Batangas, Quezon, Cavite, Rizal, Laguna, Bulacan, Bataan, Nueva Ecija, and a part of Tarlac); Sugbuanon (spoken in the province of Cebu and parts of Mindanao), Hiligaynon (spoken in Negros Occidental and Iloilo); Samarnon (spoken in the provinces of Samar and Leyte); Bikol (spoken in the provinces of Camarines Norte, Camarines Sur, Albay and Sorsogon); Pampangan (spoken in the provinces of Pampanga and Tarlac); Pangasinan (spoken in the province of Pangasinan and a part of Tarlac); Iloko (spoken in the provinces of La Union, Abra, Ilocos Sur, and Ilocos Norte); and Moro Magindanao (spoken in Lanao and other provinces of Mindanao).

The Philippine languages belong to the Austronesian or Malayo-Polynesian family of languages. Unlike the Indo-European languages, the Philippine languages are agglutinative, the important feature of which is affixation.

There are many similarities in the Philippine languages that go to prove a common linguistic origin. Very many words are identical in these dialects and it is easy to learn

one or more dialects if one speaks Tagalog. Profound influence on the native languages was exercised by Sanskrit, Persian, Arabian, Spanish and English. When the revolutionary Katipunan (society) was secretly organized in 1892, the founders made Tagalog the official language of the society. The revolutionists met at Biak-na-Bato, in Bulacan province in 1897, and framed a Constitution which provided among other things that Tagalog should be the official language of the people. The Truce of Biak-na-Bato temporarily ended the hostilities between the Filipinos and the Spaniards, and this provision of the Constitution was not implemented. Under the American regime, Tagalog once more came to the fore. It was proposed as the national language of the Filipinos, but the Philippine Commission, the upper chamber of the legislative body, did not approve the proposal.

The long struggle of the nationalists to make Tagalog the national language culminated in the inclusion of the following provision in the Constitution of the Philippine Commonwealth: "The National Assembly shall take steps toward the development and adoption of a Common national language based on one of the existing native languages. Until otherwise provided by law, English and Spanish shall continue as official languages." Pursuant to the provisions of the Constitution, the National Assembly in 1936 passed a law establishing the Institute of National Language. It was given the task of making a study of the Philippine languages and recommending to the President of the Commonwealth the language that should be the basis of the national language. On November 9, 1937, the Institute of National Language recommended Tagalog, and on December 30 of the same year, President Manuel L. Quezon proclaimed Tagalog as the basis of the national language. The teaching of the national language in all public and private schools throughout the country was made mandatory. On July 4, 1946, the national language became one of the three official languages of the Philippines.

The following table shows the language situation in the country (in 1948):—

Number of persons able to speak—		
		Per cent
English	7,156,420	or 37.2
Tagalog	7,126,913	or 37.1
Sugbuanon	4,840,708	or 25.3
Iloko	2,687,861	or 14.0
Bikol	1,535,411	or 12.7
Samarnon	1,226,413	or 6.4
Pampango	707,291	or 3.7

RELIGION

The Filipinos are mainly a Catholic people. Mohammedans and Pagans at the time of the Spanish colonization, the Filipinos were won over to the Catholic Faith by the Spanish missionaries who came with the first conquistadores. The first conversion to Catholicism occurred a week after Ferdinand Magellan, the first circumnavigator of the world and the first European to reach the Philippines, landed in Cebu in 1521. On April 14 of that year, Magellan had Mass said on the beach. The people were impressed. In a short time, more than 800 Cebuans were baptized.

Rajah Humabon, Chieftain of the island, was named Carlos in honor of King Charles I (Emperor Charles V of the Holy Roman Empire); Humabon's brother was named Fernando in honor of Charles' brother; and the chieftain's wife was named Juana in honor of King Charles' mother. Magellan presented to Juana an image of the Child Jesus to commemorate the event.

More than forty years later, Legazpi colonized Cebu in the name of the King of Spain. The five Augustinian friars

* From H. Otley Beyer's Table of Philippine Racial Ancestry, revised in 1942.

THE NEW AND OLD CAPITALS OF THAILAND

By Bruno Braga (Bangkok)

As your aircraft smoothly glides to a landing at the Bangkok International Airport, you soon begin to realize that the city of Bangkok is fabulous in more ways than one. Bangkok International Airport, better known as Don Muang Airport, is in itself a striking view. Modernly built, boasting a first-class restaurant catering to the gustatory needs of visitors, tourist passengers en route, and the employees of eighteen International airlines presently operating into Bangkok, it has recently added a large transit passenger lounge beautifully furnished, decorated in harmoniously blending colors. Today, Don Muang Airport may well be classed as one of the finest airports in the East. Like any other port of entry into Thailand, the courteous service of the Royal Thai Air Force under the leadership of Commodore Viraj Sawangsuri, together with the combined cooperation of the officers of H. M. Customs, Immigration and Quarantine at Don Muang, have all considerably helped to make Bangkok a real tourist Mecca of the Orient. Here, official "red tape" is held to a minimum. The government of Thailand has, in this respect, attempted to the utmost to fulfill the obligation it feels toward the International Civil Aviation Organization in bettering relationships with all countries of the world.

The reduction of governmental "red tape" for all foreign nationals is indeed one of the dominant factors that is making tourists flock to Bangkok from all corners of the earth. Here they pause to view in awe the amazing design and intricate workmanship in the construction of ancient temples, modern buildings and other structures that are entirely different from those found in any part of the globe today. Bangkok, the glittering capital of Thailand, is inhabited by approximately one and a half million of

the country's population of 20 million. The religion is predominantly Buddhism. The visitor will note numerous Buddhist monks in bright orange robes mingling freely with the populace throughout the city.

An unusual sight to the new visitor will be the salutations of two Thai upon meeting. Reverently joining their hands as if in prayer, heads bowed, they respectfully greet each other with the words, "Sawasdi kraap" meaning in general anything from "Good morning, good afternoon, good evening or greetings!" This salutation today has been contagiously adopted by the tourists and alien residents as a symbolic sign of sincere greeting. It is the equivalent of our hearty western handshake.

The ride from the airport into the heart of the city will permit the new visitor to absorb the scenic vastness of the Bangkok area and witness the expanse of fertile land being plowed along the countryside by Thai farmers with buffaloes. Rich local soil is solely responsible for making Thailand the largest rice producing country in the world. Here and there, one's attention is frequently caught by the odd-shaped and colorful structures called "Chedis" or the pinnacle-top domes of Thailand. Besides rice, tin, rubber and teak are famed exports, thus attracting foreign merchants and traders to Thailand to seek prosperity. Here, where thousands of gem and art-collecting tourists visit each year, is the home of the world famous "Star" sapphire, the zircon (known to many as the "Bangkok Diamond"), bronze, silver and Nielloware. Also because of Thailand being surrounded by other gem-producing countries, precious and semi-precious stones of many varieties are in abundance in the numerous jewelry shops throughout Bangkok.

For the businessman, the banker, the schoolteacher, the tourist and even the settler, this most progressive city has alleviated transportation problems and facilitated contact by permitting the central location in the downtown area of the legations and embassies of 32 countries, a dozen or more United Nations Organizations, offices of 18 international airlines, 20 or more foreign banks and a score of modern, luxurious or comfortable hotels and places of entertainment.

Since Bangkok has a tropical climate most of the year, traveling is made light and inexpensive as only summer clothing is necessary. There is no winter as the seasons are divided into two categories—the wet and dry seasons. A sweater might be needed in the cool period following the wet season. The large beaches surrounding the outskirts of Bangkok are ideal resorts for winter vacationists. Furnished cottages may be rented at reasonable prices. For those interested in night life, it is gratifying to know that Bangkok, although limited four years ago to only a few spots, is expanding its entertainment facilities because of the continued influx of foreign residents, the constantly increasing tourist traffic, and the establishment of many foreign military, diplomatic and United Nations organizations within the city. Today, popular places of entertainment with imported floor shows and dance bands are by-words of the transiting tourists. Some of the more well-known night clubs are the "OASIS," "Club 85," the "Salathai," "Bamboo Bar" and the "Ambassador," all located within a short distance from leading hotels. Thai classical dancing, a

who arrived with Legazpi converted the inhabitants of the island. Subsequently, other missionaries came. The Franciscans arrived in 1577; the Jesuits and the Dominicans in 1581; and the Recollects in 1606. The Benedictines, the last of the religious orders to come to the Philippines, arrived in 1895. With the exception of the Mohammedans of Mindanao and Sulu and the mountain tribes of Luzon and other islands, the great majority of the Filipinos became Catholics.

Of the non-Catholic groups, the Aglipayans (a schismatic movement), Mohammedans, and Protestants (including a splinter sect called "Iglesia ni Kristo") are the most numerous.

The following table (as of 1948) shows the number of inhabitants according to their religious faith:

	Per cent
Roman Catholic	15,941,422 or 82.9
Aglipayan	1,456,114 or 7.6
Mohammedan	791,817 or 4.1
Protestant	444,491 or 2.3
Pagan and no religion	353,842 or 1.8
"Iglesia ni Kristo"	86,125 or 0.5
Buddhist	42,751 or 0.2
Other religions	92,763 or 0.5
Not reported ..	22,837 or 0.1

The Iglesia ni Kristo has greatly prospered in recent years and today has perhaps one million followers. It is a curious church but successful; and its future should be closely watched.

(To be Continued)

pantomime dance combining art, perfect balance and rhythmic movements, is one of the key tourist attractions and may be seen weekly at some night clubs. The bachelor tourist may be easily guided by an awaiting taxicab driver or the "saam-lor" (tricycle cab) to the Lido Ballroom or the Hoi Thien Lau where Chinese or Siamese beauties are available for dancing partners.

For the connoisseur of fine foods, aside from the popular Thai dishes, Continental, Chinese, Japanese, Muslim and Indian food are served in many of the leading hotels and restaurants in the city. If you have never tried Thai food, then beware of the various peppers because the Thai people like their food hotly spiced. If you like tropical fruits, then you can enjoy an almost endless variety. The most mellow and tasty papaya in the Far East are found in Bangkok. Until last year, Bangkok visitors found it extremely difficult to obtain hotel accommodation. Reservations at one time had to be made a month in advance. To cope with the increase in tourism, several large and modern hotels have been constructed.

The Hotel Erawan was completed in November of last year for the huge sum of four million U.S. dollars. It has 175 modern air-conditioned rooms, employs a staff of 380, provides two restaurants (western and Oriental), an outdoor swimming pool, seven airline booking offices, a drug store, a cable-wireless office, post office, shopping arcade and a night club. The popular Plaza Hotel, also recently opened, has been called the "Rendezvous for Tourists" and is frequented as well by many airline passengers and personnel of the various airlines transiting Bangkok. CAT's newly remodeled booking office is ideally situated directly opposite the swank Plaza on Patpong Road. The Patpong Road is fast becoming an important and elite business district owing to the increasing number of new companies and the transfer of long-established firms and airlines offices to that area. Passengers staying at the Plaza Hotel now only must walk across the street to have their travel problems solved.

Sight-seeing tours to Bangkok are becoming increasingly popular and special tours may be easily arranged. The greatest tourist attraction is the Grand Palace which is regarded by awed visitors as the architectural wonder of the Far East. It is a place of combined beauty and splendor where premiers and envoys of various countries are received by the King. Arrangements for permission to enter the Grand Palace must be made beforehand which is normally granted.

Among the "must see" sights in Bangkok and its surrounding areas are the beautiful temples—a scenic and unique color-blending display of Siamese culture and architecture, unduplicated in any other part of the world. A real paradise for the tourist seeking the unusual and the "shutterbug" looking for ideal color shots. The Wat Benchamabopit ("Wat" meaning temple), better known as the Marble Temple, is one of the lovely buildings in the city. It is constructed entirely of marble; the grounds are spotlessly clean. A gallery, surrounding a courtyard floored with polished marble contains a most interesting collection of impressive stone and bronze images of Buddha in various attitudes. The Wat Pho, known also as the Temple of the Sleeping Buddha, is an awe-inspiring and unforgettable sight. A magnificent golden reclining Buddha, colossal in its dimensions, dwarfs the huge temple. Approximately 50 metres in length, its height, in a lying position from the shoulder to the base level, measures some 20 metres. The intricate mother-of-pearl inlay on the soles of both feet is in itself a marvelous work of art. The Wat Phra Keao or the Temple of the Emerald Buddha is another visit the

tourist must not by-pass. It is open on Sundays and is situated next to the Grand Palace.

An unusual incident recently occurred in Bangkok when a large Buddha, formerly thought to have been built of stone, shattered to pieces on the ground after it fell while being removed from its original location. Inside was found a Buddha of purest gold weighing about three and a quarter tons. Investigations revealed that, in order to hide and protect this solid gold Buddha from threatening invaders long ago, it was carefully camouflaged with cement by enterprising temple monks. Somehow it went undetected for over a century and a half. This magnificent image is presently being displayed to the public, under close police guard, in the temple called the Wat Trimit.

For those who are snake lovers (or charmers), the Snake Farm will indeed be fascinating. Here, hundreds of poisonous snakes are kept in large pits, among which King cobras, local cobras and vipers are found. The King cobras measure up to fifteen feet in length. The breath-taking "milking" (extraction of venom) of these snakes takes place on Thursdays at ten a.m.

Transportation in the city is no problem, as hundreds of taxis, large and small, are constantly plying the heavy traffic at all hours of the day or night. At almost all of the leading hotels, you will find taxi stands with their drivers anxiously waiting to show you the "sights." If you have an opportunity, do not fail to see Siamese Boxing matches at the various stadiums. Siamese boxing, which is a unique art of self-defense practiced only in Thailand, will make you realize how rugged the contestants really are and what an unbelievable amount of bodily punishment a human being is able to take. Kicking, knee-braking, rabbit-punching are all included in these bouts. It is a wonder to the first-time spectator that no animosity exists between contestants after the fight. The boxers amiably leave together from the ring (if there isn't a knock-out and they both are able to make it).

All in all, you shouldn't miss visiting this enthralling city where you will enjoy the impressive monuments, colorful national and religious costumes, magnificent temples of intricate design and startling structure, intriguing traditions, the shops and markets, the hundreds of places to go and see—these and countless other reasons that are bringing more and more tourists yearly to Thailand.

THE OLD CAPITAL OF SIAM

For the traveler who is pressed for time—but interested in seeing ancient ruins without taking too much of his precious vacation—the most worthwhile trip when in the vicinity of Bangkok is a drive to Ayudhya. It is approximately an hour and a half by car over a good highway, 45 miles north of Bangkok, wending through the farming area. As you ride, you see long stretches of lush rice paddies with farmers and their sturdy water buffaloes laboring to keep the rice bowls filled. And suddenly a skyline of temples and tapering pagodas appears on the horizon—what is left of the old, once-thriving capital of Thailand—Ayudhya (or Ayutthya, as it is sometimes called).

The roads and paths leading through the area are in fair enough condition so that one can either drive or walk. Many of the ruins are now in process of being restored since in only a few more years they would crumble into oblivion. One can reconstruct in his mind's eye the wide streets and general lay-out of this ancient city which covered a vast area. Although jungle growth has gradually crept in, there are still paths that can be followed through the ruins. Everywhere can be seen remnants of what was

(Continued on Page 32)

OVERSEAS CHINESE IN VIETNAM

By Tsung-to Way

(Manager, Bank of China, Saigon)

There is no doubt that the overseas Chinese play a very important role in the economic life of Vietnam. In the opinion of Mr. Paul Bernard, "The role of the Chinese may be compared to that of blood circulation system of a human body." As a matter of fact, this statement is not only true in Vietnam but is also true in the majority of Southeast Asian countries. "The Southeast Asian countries" said John Kerry King in his *Southeast Asia in Perspective* "lack not only engineers and managers but also businessmen who can mobilize capital for use in initiating commercial and industrial enterprises and agrarian improvements essential to economic life. Generally speaking, the role of the businessmen throughout Southeast Asia has been left to the foreign minority group, primarily to Chinese."

According to the *Annuaire Statistique*, there were already 293,000 Chinese on the whole of the Indochina Peninsula in 1921, of which 163,000 resided in areas now comprising Central and Southern Vietnam. The number of Chinese in Vietnam, according to the same publication, increased to 703,120 in 1955. The latest census, which ended on August 10, 1957, shows that there are around 130,000 Chinese in Saigon and Cholon, not including the number of children and the native-borns. These official figures, however, tend to be lower than the actual number of Chinese since the *Annuaire Statistique* figures are for the so-called "controlled number" while the census figure included only those who have actually completed census formalities.

A more accurate figure would be that given by Mr. C. T. Tran, who recently made an extensive investigation of all the provinces. His count shows that there are about 825,000 Chinese in Vietnam. This figure also corresponds with that reported by the Vietnam Press.

Overseas Chinese economic activities in these parts of the world are extensive. Sir Thomas Stamford Raffles, in his writing of *The History of Java*, has quoted the words of Van Hogendorp's as follows: "The domestic trade, great and small, the trade at sea from coast to coast within the archipelago, or to the Peninsula and elsewhere within the Straits, is entirely in their (Chinese) hands." Unlike French businessmen who made big investments in farming, mining, forestry, plantation, fishery, industrial and commercial enterprises, the economic activities of Chinese in Vietnam are mainly in the field of commerce and trade. In the economic report entitled *Overseas Chinese in French Indochina* prepared by the Japanese Agricultural Economic Investigation Bureau, it is estimated that about four-fifths of the entire trade is in Chinese hands. "The Chinese," adds the report, "although do not directly engage in agricultural enterprises, but because of their loan facilities to the farmers, are having influences on crops."

Taking a glance at the list of the occupations of the Chinese in Vietnam, one is surprised by the diversity of their undertakings. There is practically no business which the Chinese do not participate. It is true that there are not many Chinese firms of substantial capital and elaborate organization, but due to their numerical superiority, their influence on the economy of the country is unquestionably great.

A few examples would suffice to show the important role played by the Chinese: Among local industries, Rice Milling is the most important one. Mills of medium size may employ capital of over several millions of piastres. There are about 70 rice mills in Saigon and Cholon, almost 60% of those are owned by Chinese. However, due to the lack of paddies, most of the big rice mills suspended their operations during the past ten years. Next in importance is the Textile Industry. The Chinese own some 580 firms engaged in spinning and weaving. However, most of these firms are small family enterprises. Despite the keen demands on textile goods as evidenced by the amount of imports each year, there is no big textile mill in South Vietnam. The partition of the country has left most of the French former investments in textiles, cement, and mining industries in the North.

Among the "Non-Manufacturing" occupations, there is no question that Retail Trade is the most important one. It comprises 15 sub-classifications with 2,123 Chinese firms or authorized dealers. By authorized dealers we mean persons who are given the franchise to engage in the kind of business as authorized by the government. In going over the sub-classifications, one notes that Grocery is by far the predominant one. The local grocery resembles more or less the American rural general store or the urban drug store where a complete line of merchandise is carried. Second in importance is the Chinese Medicine Shops which supply the Chinese and the Vietnamese mass. Due to the shortage of modern medical doctors, the use of Chinese medicinal herbs, especially in the interior, is common and popular. If one travels by highway from Saigon or Cholon to any province in the interior, one would be surprised by the number of Chinese grocery and medicine stores in cities and towns all along the highway. Even in the most remote and the smallest village, one will never fail to find these two kinds of Chinese shops which serve as the arteries and capillaries to supply the interior inhabitants with all the daily necessities of life. The 200 Rice Shops and 200 Second-hand Goods Stalls rank the third. These four sub-classifications make up more than half of the Chinese firms and dealers engaged in retail trade. It is interesting to note that these undertakings not only reach every part of the country as stated above, but they also bear close relationship with the daily lives of the mass of the populace.

There are 350 Chinese Import & Export Firms. In fact, this business is new to the majority of both Chinese and Vietnamese. We have noted that the interest of overseas Chinese in Vietnam is concentrated on trade, especially domestic and inland trade. It was only in the middle of 1955 that local Chinese and Vietnamese businessmen started to learn to do import and export business. With the exception of some of the bigger ones, the majority of these firms are newly established. Rarely they have special lines of their own, they merely engage in whatever line that seems profitable. It is estimated that prior to the imposition of a margin deposit of 350,000 piastres, there were more than 20,000 import and export firms in Saigon and Cholon. In addition to rice and rubber, there are quite a number of items Vietnam has surplus to export. Among these surpluses are green beans, hide, duck feather, dried

fish, etc. The export of these commodities is mostly handled by Chinese. Under the prevailing exchange control system, these commodities are considered as of secondary importance and are allowed to be exported to Hongkong and Singapore under barter arrangements.

The Chinese also play an important role in the Transportation field. Although the number of firms engaged in Inland and Junk and Tugboat Transport are not too numerous, they, nonetheless, are very influential. As railway is only available between Saigon-Dalat and Saigon-Nha Trang, the distribution of imported goods from Saigon to the hinterland, as well as between towns and villages in the interior, is all done by firms engaging in inland transport. A large portion of native produces is also transported by these firms via highway to Saigon for export. For decades, the transportation of paddy and rice from the interior to Saigon has been reserved to junks and tugboats. The river transportation business is also mainly in the hands of the Chinese. It is not uncommon to find big Chinese rice merchants who own junks and transport their commodities themselves. There are several small steamers of around 500 tons owned and operated by the Chinese. Before the partition of North and South Vietnam, these steamers were used to ply between Saigon and Haiphong, and occasionally Saigon and Tourane.

There are 7 Chinese Banks and Insurance Companies which render many services to their clients. In view of the lack of credit facilities for the small firms and the working class, the part played by the 82 Chinese Pawn Shops and Money Lenders are also very important. Next to the Hindus, many Chinese are engaged in small money lending business. With the recent formation of small loan facilities by the government, these pawn shops and money lenders would lose a greater part of their business.

The importance of the role played by overseas Chinese in the Vietnamese economy is further pointed up by the recent Vietnamese Government decrees of compulsory naturalization of Chinese born in Vietnam and the banning of Chinese residents from undertaking 11 specific trades. As a result, overseas Chinese in Vietnam are being accused of noncooperation with the economic measures of the Vietnamese Government. For the past several months, business in Saigon has been very dull. It is said that all the customs warehouses are now packed to capacity. According to expert estimate, there are at least over 27,000 tons of merchandise in the warehouses. Recent arrivals of cargoes have been left on the open wharf in spite of the rainy season. The Ministry of Economy, realizing the seriousness of the situation, has adopted various measures to cope with it. The principal measures are:

1. Refunding a part or the total amount of the 350,000 piastre margin deposit which importers were required to hand over to the Treasury;
2. Acceptance by the Customs Authorities of: a. Deliveries on Permits—acceptance by Custom House of taking delivery of goods by the importers with payment by bills of 90 or 120 days, b. Reciprocal Guarantee—importers are allowed to guarantee reciprocally for each other for the property deeds they deposit with the Custom House in taking delivery of cargoes, and, c. Fictitious Warehouse—permissions are given to importers to store goods in their own warehouses without payment of custom duties immediately; and
3. Special facilities to the commercial banks: a. decreasing deposit margin from 20% to 15%; refunding of the 25% exchange guarantee required for ICA L/C's and c. reduction from 3 to 2 signatures required for rediscounting bills.

The above measures have doubtlessly helped the importers a great deal and eased the market to a considerable extent. However, it is doubtful whether they have solved the fundamental problem.

Some quarters accused the overseas Chinese for the recent stagnation in business and trade. Although such accusations can hardly be justified, the fact that the blame of such a magnitude had been laid on the overseas Chinese in Vietnam proved the widespread recognition of the Chinese influence on the Vietnamese economy. Their importance to the Vietnamese economy is not solely due to their numerical superiority but also due to their close relationship with the mass of the populace as well as the economic structure they have erected on the foundation of faith and credit.

Table I. Oversea Chinese population in South Vietnam, including Saigon-Cholon.

Based on figures as given by Mr. C. T. Tran.

Province & Chief-Town	Number of Chinese residents
Saigon-Cholon	570,000
Gia Dinh	20,000
Chau Doc	11,000
Tra Vinh	20,000
Rach Gia	27,000
Ha Tien	2,500
Sa Dec	6,500
Ben Tre	6,500
Long Xuyen	10,000
Tan An	5,000
Soc Trang	25,000
Thu Dau Mot	11,000
Tay Ninh	5,000
Bien Hoa	8,000
My Tho	12,000
Ba Ria	1,800
Cho Lon	6,500
Vinh Long	6,500
Go Cong	4,000
Can Tho	14,000
Bac Lieu	26,000
Cap Saint Jacques	1,700
Total	800,000

Table II. Oversea Chinese population in Central Vietnam, including plateau region.

Based on figures as given by Mr. C. T. Tran.

Province & Chief-Town	Number of Chinese residents
Thua Tien (Hue)	2,000
Thua Tien (Tourane)	4,700
Quang Nam (Faifoo)	1,250
Quang Nam (Quang Ngai)	1,450
Binh Dinh (Qui Nhon)	1,710
Phu An (Tuy Hoa)	1,400
Khanh Hoa (Ninh Hoa)	1,260
Khanh Hoa (Nha Trang)	2,000
Ninh Thuan (Phan Rang)	1,350
Binh Thuan (Phan Thiet)	4,000
Thuong Don Nai (Djiring)	840
Lam Vien (Dalat)	1,700
Bar Lac (Ban Me Thuot)	800
Quang Tri	300
Plei Ku	180
Kon Toum	60
Total	25,000

Table III. Classification of Oversea Chinese Occupations in South Vietnam.

Category	Number of firms or authorized dealers			Total
	Saigon Cholon	South VN (provinces)	Central Vietnam	
(A) Manufacturing				
Food & kindred products	653	329	63	1,045
Tobacco manufactures	10			10
Textile mill products	529			625
Lumber & timber basic products	160	116		276
Furniture & finished lumber products	71			71
Paper & allied products	59			59
Printing, publishing & allied industries	98			98
Chemicals & allied products	43			43
Rubber products	35			35
Leather & leather products	198			198
Stone, clay & glass products	159			159
Iron & steel and products	8			8
Non ferrous metal & products	117			117
Machinery, except electrical	180			180
Transportation equipment except automobiles	38			38
Miscellaneous manufacturing	410	77	26	513
Sub-Total	2,864	522	89	3,475
(B) Non-Manufacturing				
Agriculture, forestry & fisheries	30			30
Construction	60			60
Wholesale trade	1,856	3,398	817	6,071
Retail trade	2,123	2,138	461	4,722
Finance, insurance & real estate	89			89
Transportation	165			165
Service—Hotel & other lodging service	108		29	137
Miscellaneous repair service	39			39
Motion pictures	20			20
Amusement & recreation, except motion pictures	9			9
Medical & other health service	135	196	45	376
Educational service	32			32
Restaurant, cold drink & food supply service	920	408	99	1,427
Miscellaneous	636			636
Sub-Total	6,222	6,140	1,451	13,813
Total	9,086	6,662	1,540	17,288

Table IV. Number of Chinese firms in Provinces & Chief-Towns.

Provinces & Chief-Towns	Number of firms or authorized dealers	Provinces & Chief-Towns	Number of firms or authorized dealers
South Vietnam:		Central Vietnam:	
Saigon-Cholon	9,086	Thua Tien (Hue)	75
Gia Dinh	423	Thua Tien (Tourane)	140
Chau Doc	351	Quang Nam (Faifoo)	133
Tra Vinh	352	Quang Nam (Quang Ngai)	120
Rach Gia	431	Binh Dinh (Qui Nhon)	180
Ha Tien	118	Phu An (Tuy Hoa)	85
Sa Dec	253	Khanh Hoa (Ninh Hoa)	100
Ben Tre	339	Khanh Hoa (Nha Trang)	110
Long Xuyen	420	Ninh Thuan (Phan Rang)	85
Tan An	174	Binh Thuan (Phan Thiet)	170
Soc Trang	478	Quang Tri	28
Thu Dau Mot	453	Sub-Total	1,226
Tay Ninh	339	Plateau Region:	
Bien Hoa	323	Thuong Don Nai (Djiring)	97
My Tho	359	Lam Vien (Dalat)	75
Ba Ria	135	Bar Lac (Ban Me Thuot)	90
Cho Lon	225	Plei Ku	37
Vinh Long	253	Kon Toum	15
Go Cong	293	Sub-Total	315
Can Tho	416	Total	17,288
Bac Lieu	408		
Cap Saint Jacques	119		
Sub-Total	15,748		

TIN: MALAYA'S BIG MONEY-MAKER

(By a Malayan Correspondent)

The tendency in Malaya today is to go in for bigger dredges—dredges which can go down 160 feet into the earth to extract the precious metal for which, at the moment, there is no substitute. In the past, many dredges were only able to go down some 50 and 60 feet and these are now becoming obsolete. Malaya is the richest in the world for tin, and experts maintain that even although it is a wasting product, nevertheless there is enough tin in the ground yet to make mining a profitable investment for many years to come.

Tin and rubber are the backbone of Malaya's economy and are likely to remain so for the foreseeable future at least. Without them no one in Malaya would be able to enjoy the high standard of living which is the envy of many Asian neighbours. Any tin mining expert will confirm that the Malayan tin industry is far more stable than in any other tin producing country. In Bolivia, South America, for instance—also a tin mining country—the industry was nationalised in 1952 and has never been the same since. At the moment it is having to be bolstered by an American loan.

In Malaya, on the other hand, the industry finds no difficulty in getting investors, in fact many companies have more money than they can spend. Many are just waiting for new land concessions from the Government in readiness for buying bigger dredges. These concessions are coming through now and in one area of Malaya's west coast a large section of land, hitherto unmined, has now been turned over to mining concerns. At least six dredges are now being moved to this new site.

At the moment, too, the price range for tin, which is laid down by the International Tin Council (a body representing producers of tin and consumers) holds good for the Malayan industry but other producing countries are anxious that it should be increased. Malayan mining experts agree that it will eventually have to rise in order to meet the higher prices of machinery and higher wages. The point at issue is that Malaya is not as desperate as other producing countries that the price should rise immediately.

Last year Malaya produced more than 62,000 tons of tin—a record year. In 1947, shortly after the Japanese occupation and when many dredges, which had been sunk, were still in the course of renovation and repair, the country's output was a

mere 27,000 tons. Early in 1957, the Texas tin smelter—which produces metal for the American strategic stockpile—closed down after working solidly throughout last year. Had it not been for this smelter operating, plus the fact there was a fall in tin production by some countries other than Malaya, and plus the increase in consumption, there would very likely have been a world surplus of tin.

One thing is certain, however, and that is the demand for tin is expected to increase and not decrease. Unless there is a world slump or some revolutionary discovery—and this latter is nowhere in sight just now—the tin industry faces a bright future. But mining is a long-term business. Anyone might prospect an area for a year before proving a mineral property. Then it can well take another six months or more to get approval to the titles, and say another three years before the equipment is installed and operations begin. So, generally speaking, it is a five-year stretch before a new mine produces its first ton of tin. Quite a number of tin companies in Malaya have bought out rubber estates where a rich vein of tin runs through a piece of property. Nowadays, the Malayan Government is realising the tremendous importance of the industry and is making available more state land where tin is known to exist. The industry maintain that not enough land is made available but they are willing to admit that it is becoming more easily accessible.

It is interesting to note that in 1800 the world output of tin was 8,300 tons, of which 3,200 tons were produced jointly by Malaya and Siam. In 1953 world production was 175,000 tons, of which 56,255 tons came from the mines of Malaya alone. During the last century and a half, in spite of the entry of many new countries into the field of tin production, Malaya has consistently maintained her position as the largest single tin producing country, contributing, as she does, about one-third of the world's supply. It is amazing, too, when it is realised that this great source of wealth is taken from less than 2% of Malaya's total size of 50,690 square miles. The industry provides the Government with one-fifth of the total income tax collected. The tin industry, and the same can be said for the rubber industry, has made Malaya what it is today. Both these two "gold mines" have an even greater part to play in the new Malaya.

MALAYAN HEALTH SERVICES

(By a Malayan Correspondent)

Statistics prove that Malaya is the healthiest country in South-East Asia. Every year its figures of infantile mortality rate drop, people are living longer and a much fuller life than many of their neighbours in nearby countries. The fear of hospitals is fast evaporating for nowadays even the isolated rural folk are realising that hospitals are there to make one well and not to hasten one to a final resting place.

But to meet this constantly increasing demand for better medical services, Malaya is finding that it just cannot

keep pace with the training of its own medical practitioners. Never before has there been more students in the University of Malaya or Malaysians studying medicine in the U.K. as there are today but it will take at least another five to 10 years before the country can catch up with the shortage.

That is one reason why the Alliance Government—the first elected Government of this country—is looking to India, Burma and Pakistan to borrow doctors on contract until it has sufficient Malaysians to take their places. Already 400 doctors from India have applied to come to this

country on three to six year contracts and smaller numbers from the other two countries have likewise volunteered.

Every overseas doctor coming to Malaya in the near future must accept the terms of the Alliance Government. As Malaya's Minister for Health said recently, "They will all be told, and sign a contract to this effect, that they are coming to give us a helping hand until the day arrives when we have enough Malaysians to take their places".

Malaya's population, now only 6,000,000, is expected to double in the next quarter of a century so already plans are being made to build bigger and more modern hospitals in the larger towns. In addition there already is talk of a national health service, similar to the one provided in Britain, and this might well materialise in the not too far distant future. But not only in the towns, in the rural areas too, the call is out for better medical facilities. At one time—and this is not only typical of Malaya but also of many other Asian countries—it was extremely difficult to get Government doctors (or private practitioners for that matter) to accept postings in remote districts away from city life.

Many had qualms that once they were tucked away in some distant outpost they would be forgotten. Today this system is changing. The Alliance Government have devised a scheme whereby all recently qualified doctors, after a period of service in the larger general hospitals, are sent for a year or 18 months into a rural area to take charge of a small hospital. The scheme is working well, for even those who dislike country life at least realise that they are not there for ever. They know the time will come in a year or 18 months hence when their relief arrives and they can return to a city. It is felt that this rotation gives a young doctor, who has only qualified three or four years ago, an opportunity to decide what branch of medicine he wishes to specialise in. By that time he has had a fair amount of experience, confidence has been instilled in him by being in charge of a small hospital and generally speaking he is in a

much better position to determine what branch of the profession he will follow in the near future.

Malaya's health services are not perfect, none are anywhere in the world. Every now and then come letters to the Minister or to the Press complaining of this or that hospital or of an individual. Malaya's elected councillors get up in the Federal Legislative Council and demand to know why a rural health clinic has not been built in their constituency while another has been built somewhere else which already has one close at hand. In most cases there is a logical answer to all these questions and these answers are given. Complaints of lack of service normally boils down, after an investigation, to the fact that nurses and doctors are hard pressed. It is hoped that in the near future, as more qualified staff become available, these minor irritations will gradually disappear.

Compared with many of its neighbours, Malaya is a rich country its wealth being derived from the giant rubber and tin industries. Consequently, money is not really the prime worry when it comes to medical services—it is qualified men and women, doctors and nurses. Today nurses are being trained at the rate of 160 a year, either in Malaya or in Commonwealth countries under the Colombo Plan. With each year, however, the health of the nation improves and will continue to improve. For instance, deaths in Malayan hospitals from pulmonary tuberculosis have dropped from 2,243 in 1947 to 862 in 1955 and deaths from malaria likewise from 736 to 74. These are figures which cannot be disputed and which tell their own convincing story.

Those with vision, whether in the Government or not, realise that only good can come out of "importing" overseas Asian doctors to help Malaya fill the gap caused by the shortage of her own qualified men. Financially and in other ways, the doctors brought to Malaya will not suffer and the teaching of new techniques for our own Malayan doctors (plus the learning they themselves can pass on to their overseas colleagues) will benefit everyone all round.

HONGKONG GOVERNMENT REPORTS

SHIPPING

Vessel and Cargo Movements—The total number of ocean-going ships entering and clearing during the year ended March 1957 amounted to 7,650 vessels of 21,981,848 nett tons. This was a decrease of 220 vessels (2.79%) but an increase of 174,258 nett tons (0.79%) compared with last year. These vessels discharged 3,571,332 tons of cargo, an increase of 144,749 tons (4.15%) compared with the previous year, and loaded 1,751,092 tons, this being 122,911 tons (7.54%) more than the previous year. The small increase in imports was largely due to increased landings of general cargo, and the increase in exports to increased loadings of iron ore and sugar. In the river trade both imports and exports showed an increase:—2,004 tons increase, (16.18%) in imports, and 1,651 tons increase, (9.02%) in exports. Total passengers carried:—1,241,539 or 12,362 (0.98%) fewer than last year. Cargoes carried by junks and launches showed a remarkable increase over last year. These vessels discharged 1,103,679 tons, an increase of 321,004 tons (41.01%) and loaded 118,283 tons, an increase of 43,880 tons (59%).

Almost 1,020,000 tons of cargo came from Canton and West River Ports and about 55,000 tons from the China

coast ports adjacent to Hongkong. The cargo in round figures consisted mainly of the following:—fuel and firewood 264,500 tons, vegetables and fruits 138,668 tons, limestone 121,000 tons, wares 77,247 tons, foodstuffs 52,680 tons, Chinese medicine 21,193 tons, beans and various other cargoes. Exports to Canton totalled 46,916 tons consisting of hardware, stationery and fertilizer; to West River and West Coast, 6,116 tons consisting of fuel and coal, hardware and bricks; and to East Coast, 12,936 tons mainly fertilizer and wares.

Registration—During the year, 39 ships were registered under the provisions of the Merchant Shipping Act, 1894 and the registers of 23 were closed. The corresponding figures for the previous year were 47 and 41 respectively. The total number of vessels remaining on the Register as at the 31st March, 1957, was 472:

	9	under	10,000	tons gross
23	"	7,000	"	"
12	"	5,000	"	"
25	"	4,000	"	"
13	"	3,000	"	"
20	"	2,000	"	"
370	"	1,000	"	"

Junk and boat licences issued during the year totalled 20,683, of which 1,496 were granted to power driven vessels. A total of 459 motor boats and launches were licensed for commercial purposes. 631 new licences were issued to mechanized fishing vessels increasing the fleet to 1,402 vessels at the end of the period.

Ferry Service—The ferry network of the Colony transported a total of 124,622,888 passengers and 1,269,800 vehicles during the year as indicated in the following table:—

Cross Harbour Services		Passengers	Vehicles
Star Ferry (H.K. to Tsimshatsui)	-----	36,440,000	-----
Wilmer Street — Sham Shui Po	-----	8,961,000	-----
Jubilee Street — Sham Shui Po	-----	15,362,000	-----
Jubilee Street — Mongkok	-----	15,161,000	-----
Jubilee Street — Jordan Road	-----	21,317,000	1,269,800
Jordan Road — Wanchai	-----	18,486,000	-----
Kowloon City — Tonnochy Road	-----	3,034,000	-----
Hung Hom — North Point	-----	2,031,687	-----
Hung Hom — Shauiwan	-----	143,141	-----
North Point — Ngau Tau Kok	-----	196,214	-----
Shauiwan — Sam Ka Tsun	-----	823,922	-----
Shauiwan — Cha Kwo Ling	-----	487,474	-----
Shauiwan — Ngau Tau Kok	-----	107,369	-----
Total Cross Harbour Traffic	-----	122,549,997	1,269,800

Outlying District Ferry Services		Passengers
Shauiwan/Rennie's Mill/Yuen Chau/Hang Hau	-----	290,246
Jubilee Street — Cheung Chau	-----	540,600
Wilmer Street — Cheung Chau	-----	46,900
Jubilee Street — Silvermine Bay	-----	306,100
Jubilee Street — Ping Chau	-----	168,000
Jubilee Street — Tai O	-----	113,400
Wilmer Street — Tai O	-----	11,300
Aberdeen — Apichau	-----	617,127
Ma On Shan — Ho Tung Lau	-----	121,018
Tofo Harbour Ferry Service	-----	58,200
Total	-----	2,072,891

Shipbuilding and Repairing—Taikoo Dockyard and Engineering Company Limited, progressed the 390 foot vessel for the China Navigation Company started last year. Four similar vessels now on order will keep this section of the shipyard occupied for the immediate future. Work was commenced on a refrigerated cargo vessel for the Union Steamship Company of New Zealand. A 130 ton bulk oil storage lighter was built and delivered to North Borneo. Work commenced on a 213 gross tons water boat for Singapore at the Kowloon Docks of the Hongkong & Whampoa Dock Company Limited. The Hongkong Transportation Company delivered 50 barges and 4 tugs and successfully developed a zinc spraying process. Several smaller yards built a number of yacht for home use and for export. There is a marked increase in the number of ships' lifeboats built in the Colony, despite the policy of some owners to use light alloy boats bought in Europe. Government vessels built locally included two launches for the Post Office and one for the Port Works Office. A 48' general service launch for Sarawak, a 112' passenger and mail launch for Brunei, a 72' shallow draft launch for Sarawak and a 105' Scheduled Service vessel for the British Solomon Islands were also completed. Four further vessels are under construction and plans for three others are under consideration.

In addition to the above, some 23 new launches for passengers and/or towing and four new ferries for the Hongkong & Yaumati Ferry Co. Ltd. were built. Two new bunkering lighters increased the fuelling facilities and an existing steel launch was converted to a water boat. Several old boats were reconditioned, raising the number of launches in service to 454 against 397 last year. Ship-repairing work was very active; the dry docks were well employed and at times there was a waiting list for docks. The trend towards ship and engine repairing afloat has continued, since the smaller establishments, particularly at Cheungshawan, are unable to expand their present premises.

Plans are however being drawn up to provide new shipyard areas at Yau Tong Bay, south of Kun Tong.

Ship Breaking—This industry continues to flourish with 34 vessels aggregating 68,096 gross tons being broken up during the year, an increase of 7 vessels but a decrease in gross tonnage of 9,410 on last year's figures. In addition, 7 vessels remained in breakers' hands on the 31st March, 1957.

VESSELS ENTERED (1.4.56 to 31.3.57)

Class and nationality of Vessels	Number of Vessels	Tons Net	Passengers landed	Cargo landed Tons
Ocean Vessel				
British	1,384	3,683,431	12,882	1,434,932
American (U.S.A.)	222	1,228,713	3,013	138,793
Cambodian	8	4,456	1	8,860
Chinese	189	56,498	2	66,829
Danish	200	665,943	573	200,327
Dutch	212	915,571	7,373	250,438
Finnish	1	2,720	—	transit.
French	94	322,555	896	73,032
German	49	226,945	344	54,918
Greek	1	6,575	—	16,600
Indian	12	36,606	1	1,483
Italian	14	74,702	1,070	37,722
Japanese	414	1,162,283	46	174,016
Korean	43	79,670	4	53,088
Liberian	30	63,682	26	12,528
Norwegian	423	1,71,385	2,084	641,760
Pakistan	1	4,678	—	transit.
Panamanian	127	223,741	38	202,992
Philippine	16	66,047	15	17,004
Polish	2	7,168	—	8,303
Portuguese	4	20,806	6	6
South African	1	4,587	—	transit.
Swedish	90	262,895	93	107,326
Thailand	9	15,048	—	10,131
Viet-Nam	7	6,550	—	3,874
Yugoslavian	17	34,659	3	17,100
	3,570	10,297,917	28,470	3,571,332

Ocean Vessel (in ballast)

British	123	415,337	57	—
American (U.S.A.)	1	6,154	—	—
Burmese	2	5,690	—	—
Chinese	3	1,007	—	—
Danish	11	30,408	8	—
Dutch	9	22,888	—	—
Finnish	3	8,345	—	—
French	3	6,045	—	—
German	2	5,273	—	—
Italian	2	3,886	—	—
Japanese	33	48,967	—	—
Norwegian	13	54,020	1	—
Panamanian	17	29,197	—	—
Philippine	14	4,010	—	—
Polish	4	14,972	—	—
Ryukyu	1	853	—	—
Swedish	8	24,331	—	—
Thailand	1	1,672	—	—
Yugoslavian	2	8,032	—	—

Ocean Vessel	3,822	10,989,004	28,536	3,571,332
River Steamer	1,144	1,145,667	657,830	14,383
Jump	27,038	1,933,778	3,392	1,649,845
Power-driven vessel 60 tons net and under				
	12,894	279,302	588,230	61,037
1956/57	44,898	14,347,751	1,277,988	5,296,597
1955/56	43,432	14,275,551	1,178,169	4,833,700
Comparison	+ 1,466	+ 72,200	+ 99,819	+ 462,897

VESSELS CLEARED (1.4.56 to 31.3.57)

Class and nationality of Vessels	Number of Vessels	Tons Net	Passengers Embarked	Cargo loaded Tons
Ocean Vessel				
British	1,126	3,270,349	15,266	604,701
American (U.S.A.)	221	1,226,539	5,217	76,850
Burmese	2	5,690	—	5,000
Cambodian	8	4,456	—	2,670
Chinese	183	56,190	33	48,402
Danish	192	635,265	313	93,109
Dutch	203	863,853	13,298	174,646
Finnish	1	2,720	—	transit.
French	87	315,945	1,463	37,809
German	49	226,945	691	26,259
Indian	12	36,606	—	5,810
Italian	14	70,374	1,487	7,558
Japanese	370	1,175,755	27	242,093
Korean	44	78,523	2	36,077
Liberian	30	63,682	25	18,797
Norwegian	392	1,063,698	3,564	213,777
Pakistan	1	4,678	—	transit.
Panamanian	105	167,853	21	76,725
Philippine	14	60,580	33	5,689
Portuguese	4	20,806	30	3,237
Ryukyu	1	853	8	300
South African ..	1	4,587	—	transit.
Swedish	87	254,422	144	39,412
Thailand	10	16,720	—	7,490
Viet-Nam	7	6,550	1	2,581
Yugoslavian	16	32,900	22	22,100
	3,180	9,672,539	41,645	1,751,092
Ocean Vessel (in ballast)				
British	377	779,250	7	—
American (U.S.A.)	2	8,328	—	—
Chinese	13	3,080	1	—
Danish	19	56,817	—	—
Dutch	19	72,307	—	—
Finnish	3	8,345	—	—
French	7	8,654	—	—
German	2	5,273	—	—
Greek	1	6,575	1	—
Italian	2	8,214	—	—
Japanese	78	35,380	4	—
Korean	3	1,618	—	—
Norwegian	47	166,366	6	—
Panamanian	42	89,433	—	—
Philippine	13	7,230	—	—
Polish	5	19,254	—	—
Swedish	11	32,304	—	—
Viet-Nam	1	1,586	—	—
Yugoslavian	3	9,791	—	—
Cable Vessel	3,828	10,992,844	41,664	1,751,092
River Steamer	1,145	1,145,709	583,709	19,942
Jonk	27,085	1,948,638	3,730	196,703
Power-driven vessel 60 tons net and under	12,890	278,836	561,930	21,657
1956/57	44,948	14,366,027	1,191,033	1,989,394
1555/56	43,572	14,226,034	1,186,308	1,817,113
Comparison	+ 1,376	+ 139,993	+ 4,725	+ 172,281

RADIO HONGKONG

Radio Hongkong is a government station serving Chinese and European listeners in the Colony. During the year ended March 1957 both Chinese and English services broadcast in the morning, at lunch time and in the evening, with extended hours at weekends and on public holidays. The services are independent of each other, each having separate studio suites and medium wave transmitters. The Chinese programme is also carried by a short wave transmitter working in the tropical broadcast band which reinforces the medium wave service in the more distant parts of the Colony. Studios, record libraries and offices are located in Mercury House, the Far East headquarters of Cable and Wireless Ltd., who are responsible for all technical operations of Radio Hongkong. Transmitters are sited at Hung Hom in Kowloon, being fed by cross-harbour cables and landlines.

Throughout the year licences continued to show a steady increase and on 31st March stood at 60,519, an increase of 6,446, or 11.92% over last year. The following table compares the licence figures for the past twelve years as at 31st March each year.

	Chinese	Non-Chinese	Total
1946	4,226	145	4,371
1947	12,244	1,348	13,592
1948	21,540	2,624	24,164
1949	29,976	3,483	33,459
1950	38,858	3,510	42,368
1951	39,706	3,671	43,377
1952	37,909	3,302	41,211
1953	39,374	3,232	42,606
1954	38,735	3,015	41,750
1955	42,799	2,885	45,684
1956	50,390	3,683	54,073
1957	56,850	3,669	60,519

Chinese Programmes—Until November 4th, average weekly hours of broadcasting in Chinese were 65½. On November 4th, the average rose to 74. Programmes were carried by the medium wave transmitter on 640 kc/s and on the short wave transmitter on 3940 kc/s. Languages used were Cantonese 57.43%, Kuoyu (Mandarin) 31.76%, Swatow 9.23% and Hakka 1.58%. Hakka broadcasts were introduced during the year in order to provide a news service for Hakka speaking people in the New Territories. There were increases in the amount of Cantonese opera broadcast from theatres; talks, features and magazine programmes were maintained at the previous year's level; further experiments in adapting English radio drama and variety shows proved successful; and there was a marked increase among younger listeners in the popularity of Western music, both classical and popular.

The younger generation of Chinese listeners demanded more and more western popular music; the taste for this type of music has been fostered by the combined influence of the radio, films and gramophone records. With the exception of programmes for the Armed Forces, request programmes are sustained almost entirely by Chinese listeners on both English and Chinese programmes. An average of 350 letters a week were received for the three weekly request programmes on the Chinese service.

The limited experience of the past two years has given a firm indication of the line of Chinese radio likely to be both popular and worthwhile. New types of radio fare have proved that a diet of opera and storytelling is by no means

the only one that tempts the palate. Nevertheless, 'make haste slowly' is the surest motto in evolving what it is hoped will become a new Chinese radio genre. Much has been written about the merits of both the British and American types of broadcasting, and so much information on the listening habits and needs of the peoples of both countries has been collected that it is possible now to adopt a positive programme policy in the full certainty that it will succeed, either in popularity, or in the achievement of whatever end the broadcaster has in view, be it selling culture or soap. Very little data exists for broadcasting in the Far East. What goes down with the British, European and American listener, with a social and cultural heritage which if not common is related, may by no means be acceptable to the Asian audience. Thousands of years of different ways of life, thought and religion may make the Western conception of broadcasting quite invalid for Eastern ears.

English Programmes—Average weekly hours of broadcasting remained at 72 until November 4th when slight increases raised the average to 74½. 8 hours per week were given to programmes designed mainly for listeners in the Armed Forces, weekly programmes were broadcast in Portuguese and fortnightly in French. Foreign communities in the Colony regularly presented programmes of the music of their countries throughout the year. Programmes were broadcast on a medium wave transmitter on 860 kc/s.

Within the scope of a ten hour broadcasting day, the provision of a balanced service, particularly to listeners from Europe or America accustomed to many alternative programme services, is a difficult task. Both minority and majority tastes must be catered for as far as possible. At the same time, if a radio station is to perform its proper function in society, it must reflect the character of the society, and the aim of the past year was to improve on the quality and quantity of programmes of local origin, whilst at the same time maintaining contact with the main stream of western culture as provided in commercial and transcription recordings and in rebroadcasts from the B.B.C. programmes. The range of local programmes was considerable; a broadcast by the Los Angeles Philharmonic Orchestra, a talk on the Buddha Jayanti, a feature on the Hongkong Club, dance music from an American liner, a studio jazz club, the Asian Film Festival to take a few at random.

KOWLOON-CANTON RAILWAY

Through Train Service—Negotiations for a through train service with Canton which had opened in the previous November, carried on until August when they were broken off. It was found impossible to reach agreement on immigration control into Hongkong. There was however complete accord on railway matters and negotiation could be resumed at any time if fresh proposals are forthcoming for resolving the immigration difficulties.

Traffic—The two diesel electric locomotives were fully employed in operating all local passenger trains. Steam locomotives were confined to goods trains. Total kilometrage run during the year ended March 1957 was 374,883 at a cost of \$347,568. Traffic earnings for the year rose by \$1.99 million over the previous year but \$2.8 m less than the record of \$9.9 m in 1950/51. Passenger journeys, both local and non-local, increased, the local by 10.63% and non-local by 142.82%. The increase in local passenger traffic reflects that more people are using the railway. It also shows that the villages alongside the railway are be-

coming increasingly popular and fast developing into larger residential areas owing to the shortage of cheap houses in the urban areas.

Goods traffic improved upon that of the previous year by 46,269 tons or 26.29%. The increase in goods traffic upwards was mainly due to the larger volume of personal effects brought back to China by overseas Chinese from Indonesia and Malaya. The development of light industry in China and the exportation of its output was responsible for the increase of the downward goods traffic. Principal commodities imported by rail into the Colony are (in metric tons): eggs 16,969, newsprinting paper 16,498, potatoes 11,827, cotton piece goods 11,530, fresh vegetables 10,314, beans 9,989, timber 9,893, glass sheets 9,556, cardboard 5,463, Chinese medicine 4,955, apples 4,946, iron nails 4,322, caustic soda 4,020, pears 3,991, fresh fruits 3,829, soda 2,877, iron wire 2,152, garlic (dried) 2,042, tiles 1,539, bran 1,535, beer 1,526, pressed wood 1,417, tomatoes 1,148, bean noodle (pressed) 1,107, water melons 1,034. Imports of livestock totalled (head) 163,539 pigs, 3,687 goats, 69 cows, and 36 buffaloes. Canton continued to send cold storage wagons to HK. During the year, 165 wagons conveying 999 tons of frozen poultry, 918 tons of frozen prawns and shrimps, 816½ tons of fresh fruits and vegetables, 213 tons of frozen meat, 85 tons of frozen fish and 41 tons of eggs reached here.

FILM CENSORSHIP

FILMS CENSORED DURING 1956/57

Country of Origin	Number Censored	Passed Clean	Passed with cuts	Banned
Feature Films				
China	21	11	5	5
France	21	18	2	1
Hongkong (Cantonese)	249	218	31	—
(Mandarin)	62	54	8	—
Italy	6	5	1	—
India	18	18	—	—
Japan (dubbed in English)	6	5	—	1
(dubbed in Cantonese and/or Mandarin) ..	23	23	—	—
Mexico	2	1	—	1
Philippines	1	—	1	—
Taiwan	3	1	2	—
United Kingdom	53	53	—	—
U.S.A.	221	211	1	9
U.S.S.R.	18	17	—	1
Newsreels				
U.S.A.	166	166	—	—
United Kingdom	99	99	—	—
Shorts				
China	31	20	5	6
Japan	6	6	—	—
Korea	1	1	—	—
Portugal	12	12	—	—
United Kingdom	9	9	—	—
U.S.A.	128	128	—	—
U.S.S.R.	2	2	—	—

HONGKONG STATISTICAL REPORTS

January/September 1957

Vital Statistics—Jan./Sept. Total: Birth 69,789; Death 15,334.

General Retail Price Index—(March 1947: 100)—Jan. 120; Feb. 122; Mar. 120; Apl. 118; May 117; Jun. 118; Jly. 119; Aug. 118; Sept. 121.

Hongkong Clearing House Figures—Jan. \$1,655,855,977; Feb. \$1,165,041,175; Mar. \$1,402,722,007; Apl. \$1,365,624,026; May \$1,454,416,878; Jun. \$1,293,183,750; Jly. \$1,392,330,441; Aug. \$1,378,374,106; Sept. \$1,432,981,513.

Banknotes in Circulation—Jan. \$748,031,200 (HK Bank \$691.7 m, Chartered Bank \$52.1 m, Mercantile Bank \$4.2 m); Feb. \$747,014,870 (691.7 m, 51.1 m, 4.2 m); Mar. \$749,480,135 (691.7 m, 53.6 m, 4.1 m); Apl. \$751,306,345 (691.7 m, 55.5 m, 4.1 m); May \$753,174,990 (691.7 m, 57.4 m, 4.1 m); Jun. \$753,249,185 (691.7 m, 58.1 m, 3.4 m); Jly. \$753,496,640 (691.7 m, 58.1 m, 3.6 m); Aug. \$754,641,785 (691.7 m, 58.7 m, 4.2 m); Sept. \$756,642,435 (691.7 m, 60.5 m, 4.4 m).

Production of Electricity and Gas—Jan./Sept. Total: Electricity, 553,675,424 kw hrs; Gas 504,488,400 cubic feet.

Food Supply—Jan./Sept. Total: Animals Slaughtered 571,998 head; Fish Marketed 32,748 tons; Vegetables Marketed 52,837 tons.

Mining Production—Jan./Sept. Total: Feldspar 697.15 tons; Graphite 2,160.50 tons; Iron Ore 69,794.59 tons;

Kaolin 4,662.60 tons; Lead Ore 73.37 tons; Quartz 3,163.34 tons; Wolfram Ore 25.84 tons.

Cement Output—Jan./Sept. Total: 76,924 metric tons.

Registration of Factories—Jan./Sept. Total: Applications Received 373; Cancelled 139; Refused 8; Certificates Issued 217.

Building Construction (work completed)—Jan./Sept. Total: Number of Buildings 1,555 (HK 647, Kln 908); Cost of Building \$110,427,229 (HK \$50.4 m, Kln \$60 m); Cost of Site Work \$3,066,137 (HK \$1.2 m, Kln \$1.9 m).

Kowloon-Canton Railway (British Section)—Jan./Sept. Total: Passengers—Upward 2,024,843, Downward 1,994,945, Concession Tickets 87,185; Freight—Upward 21,471,230 kilos, Downward 122,129,450 kilos.

Number of Vehicles and Drivers Licensed in Jan./Sept. and (Total on September 30 1957)—Vehicles: Motor Cycles 393 (1,917); Private Cars 3,249 (21,892); Taxis 153 (678); Motor Buses 52 (672); Public Lorries 264 (1,536); Private Lorries 549 (2,352); Construction Site Vehicles 130 (351); Government Vehicles 118 (1,021); Private Rickshaws 21 (21); Public Rickshaws 0 (853); Tricycles 7 (798); Trailers 1 (9); Sedan Chairs 6 (6); Trams 0 (138). Drivers: Motor Car Drivers 10,425 (72,247); Construction Site Drivers 253 (682); Driving Instructors 327 (814); Rickshaw & Tricycle Drivers 3,555 (3,555).

BOOK REVIEW

Paul Einzig: The Economic Consequences of Automation
 Secker & Warburg, London 1956

226 pp., 21/-

Automation—the use by industry of self-regulating machines incorporating electronic devices which check the product automatically and adjust the machine accordingly—is already a reality in numerous factories, and is technically a possibility for very many more. Its intensive adoption is widely thought to open up both the economic potentialities and the social dangers of a new Industrial Revolution.

Here is the first full study by a leading economist of the economic consequences of the increasing application of automation, both here and overseas. Are fears that it will cause unemployment well founded? Will it cause a slump? Or will the increased demand for new machines intensify inflation? How will it affect the balance of trade; the level of taxation, the standard of living? These are among the many questions which Dr. Einzig examines in this lucid and important book.

Dr. Einzig shows that automation is liable to give rise to a number of special problems which are not covered by the existing body of economic principles. He explains the fundamental difference between the economic effects of automation in an expanding and in a contracting economy and gives grounds for his conclusion that, although it would have dangers in a time of slump, it will not itself cause a slump. He shows how in an inflationary period such as the post-war years it would mitigate the evil consequences of over-full employment without causing widespread unemployment.

While not minimising the economic and social risks involved, which he discusses fully, Dr. Einzig argues conclusively that the risks of lagging behind other industrial countries are incomparably greater.

No short summary can adequately indicate the scope, thoroughness and clarity of this pioneering study of a vital subject. Whether the effects of automation are good or bad will largely depend on the extent to which its economic aspects are understood by politicians, businessmen, trades-union officials and workers. This book, written with the minimum of economic technical terms, is designed to provide the basis for that understanding.

The following is the table of contents:

1. What is Automation?
2. Technological Progress.
3. Limits of Automation.
4. Automation Economics.
5. Some Practical Economic Problems.
6. Production Under Overfull Employment.
7. Must Automation Bring Unemployment?
8. Expanding Production.
9. Deflation or Inflation.
10. The Wages-Profits-Prices Triangle.
11. Capital Requirements.
12. Are Business Cycles Dead?
13. Monetary Policy in the Automatic Age.
14. Balance of Payments Problems.
15. The Threat of Raw Material Shortages.
16. Fiscal Considerations.
17. Wages Policy.
18. Control or Freedom?
19. Social Considerations.
20. How Underdeveloped Countries Are Affected.
21. The Impact of Automation on National Defence.
22. Advantages of Automation.
23. Disadvantages of Automation.
24. What is there to be done?

— E. F. Szczepanik

FINANCE & COMMERCE

HK EXCHANGE MARKETS

U.S.\$

Dec.	T.T. High	T.T. Low	Notes High	Notes Low
23	\$581½	586¼	587	585½
24	587½	587	586½	585¾
25/26	H o l i d a y			
27	587½	587¼	586½	586¼
28	588	587¼	586½	585¾

D.D. rates: High 586¼ Low 585¾.

Trading totals: T.T. US\$2,390,000; Notes cash US\$560,000, forward US\$1,600,000; D.D. US\$270,000. In the T.T. sector, gold and general importers provided restricted demand while supply from Japan, Korea, the Philippines and Thailand remained normal. In the notes market, China continued to absorb cash notes from here. It seems that China is using her surplus HK\$ to build up a US\$ reserve at current low rates. Interest favoured sellers and aggregated HK\$3.60 per US\$1,000. Speculative positions averaged US\$ two million per day. The D.D. market was quiet.

Far Eastern Exchange: Highest and lowest rates per foreign currency unit in HK\$: Philippines 1.72—1.6975, Japan 0.014375—0.0143, Malaya 1.876—1.873, South Vietnam 0.0675—0.0662, Laos 0.064, Cambodia 0.084, Thailand 0.277, Indonesia 0.136—0.135. Sales: Pesos 220,000, Yen 65 million, Malayan \$140,000, Piastre 4 million, Kip 2 million, Rial 2 million, Baht 1½ million, and Rupiahs 250,000. **Chinese Exchange:** People's Yuan notes quoted \$1.55—1.45 per Yuan. Taiwan Dollar notes quoted \$0.141—0.14 per Dollar and remittances 0.142.

Bank Notes: Highest and lowest rates per foreign currency unit in HK\$: England 15.55—15.50, Australia 12.50, New Zealand 14.10, Egypt 0.98, East Africa 14.50, South Africa 15.45, West Africa 13.50, Jamaica 13.50, Gibraltar 13.50, Malta 12.50, Cyprus 12.50, Fiji 10.00, India 1.175, Pakistan 0.80, Ceylon 0.93, Burma 0.55, Malaya 1.847—1.845, Canada 5.91—5.89, Cuba 5.00, Argentina 0.12, Brazil 0.06, Peru 0.26, Mexico 0.43, Philippines 1.715—1.7075, Switzerland 1.35, West Germany 1.35, Italy 0.0092, Belgium 0.105, Sweden

1.02, Norway 0.72, Denmark 0.77, Netherlands 1.45, France 0.0116—0.0115, South Vietnam 0.067—0.066, Laos 0.064—0.063, Cambodia 0.0845—0.084, New Guinea 1.00, Indonesia 0.13—0.127, Thailand 0.28—0.279, Macao 1.00, Japan 0.014575—0.014275.

Gold Market

Dec.	High .945	Low .945	Macao .99
23	\$256½	255½	286½ High
24	256½	255½	Low 286
25/26	H o l i d a y		
27	256½	256¼	
28	256½	256¼	

Opening and closing prices were both 256½; highest and lowest, 256½/255½. Interest favoured sellers and aggregated HK\$1.05 per 10 taels of .945 fine. Tradings averaged 4,500 taels per day and amounted to 18,000 taels for the week, in which 8,410 taels were cash transactions (1,710 taels listed and 6,700 taels arranged). Speculative positions averaged 11,200 taels per day. Imports from Macao totalled 6,500 taels. Exports amounted to 7,000 taels (5,000 taels to Singapore and 2,000 taels to Indonesia). Differences paid for local and Macao .99 fine were HK\$12.70—12.50 and 11.70 respectively per tael of .945 fine. Cross rates were US\$37.86—37.84 per fine ounce; 16,000 fine ounces contracted at 37.85 cif Macao. US double eagle old and new coins quoted \$262 and \$228 respectively per coin, English Sovereigns \$59 per coin, and Mexican gold coins \$274 per coin. **Silver Market:** 500 taels of bar silver traded

at \$5.75 per tael and 600 dollar coins at \$3.65 per coin. Twenty-cent silver coins quoted \$2.80 per five coins.

Money Market: Market remained tight but there was no large-scale liquidation of commodities. Local banks charged about 8% p.a. on overdrafts and 10—12% p.a. for long-term loans. Money lenders however raised rates to 15—20% p.a. for loans without security and 12—15% p.a. for secured loans. Money will probably remain tight till after the Lunar New Year (February 18, 1958).

HK SHARE MARKET

The market before and after the Christmas remained quiet. Prices fluctuated within a narrow margin. Closing quotations at week-end were firm in general because there was no selling pressure. Turnover on Monday amounted to \$349,000, Tuesday \$442,000 and on Friday \$215,000.

Interest was centred chiefly on HK Banks, Lands, Hotels, Dairy Farms and Utilities. Cements, which had steadily improved during previous weeks, lost 30 cents last week. Demand for cotton shares weakened probably on account of slower exports of cotton yarn and curtailed local demand.

The Secretaries for Yangtze Finance announced that at the close of business on December 24th, the shares had a statistical value of \$7.34.

Share	Dec. 20	Last Week's Rate		Closing	Up & Down	Dividend	Esti- mated Annual Yield (%)
		Highest	Lowest				
HK Bank	845 s	850	845	850	+\$5	\$50	5.88
Union Ins.	76.50 s	77 s	75	77 s	+50c	\$3.40	4.42
Lombard	32.25 b	32.50 b	32.50 b	32.50 b	+25c	\$2	6.15
Wheelock	6.50	6.50	6.45	6.50	steady	75c	11.54
HK Wharf	118 b	120 b	120 b	120 b	+\$2	\$6	5.00
HK Dock	51.50 s	51.50 n	49.50 b	51 s	—50c	\$2	3.92
Provident	11.70	11.70	11.70	11.70	steady	\$1	8.55
HK Land	32.25	32.50	32	32.50	+25c	\$3.50	10.77
Realty	1.40 s	1.35	1.325 b	1.35 b	steady	15c	11.11
Hotel	14.80 b	14.90	14.80	14.80	steady	\$1	6.76
Trams	22.60	22.60	22.60	22.60	steady	\$1.70	7.52
Star Ferry	125 n	125	124 b	125 n	steady	\$9	7.20
Yaumati	95	94.50	94.50	94.50	—50c	\$7.50	7.94
Light	17.20	17.20	17.10	17.10	+10c	\$1.10	6.43
Electric	26.50	26.90	26.40	26.90	+40c	\$1.80	6.69
Telephone	25.30 b	25.80	25.60	25.80	+50c	\$1.50	5.81
Cement	26.70 s	26.80 s	26.40 s	26.40 s	—30c	\$4	15.15
Dairy Farm	15.80	16	15.60	16	+20c	\$1.63	10.19
Watson	11.60 b	11.70	11.50 b	11.60	steady	\$1	8.62
Yangtze	5.35 n	5.35 n	5.35 n	5.35 n	steady	65c	12.15
Allied Inv.	3.70 n	3.80 s	3.675 b	3.675 b	steady	25c	6.80
HK & FE Inv.	9.65 b	9.70 b	9.65 b	9.70 b	+5c	80c	8.25
Amal. Rubber	1.35 s	1.35	1.325	1.35 s	steady	23c	17.04
Textile	4.50	4.60 s	4.425 b	4.50 b	steady	50c	11.11
Nanyang	8.70 n	8.70 s	8.50 b	8.70 s	steady	\$1	11.49

SINGAPORE SHARES

The market was quiet during the week ended December 20. The tin price suffered a drop of \$4% in spite of the coming into force of the Restriction Scheme. Rubber continued under the influence of news from Indonesia; in the early part of the week price movements were small between 82½c. and 81¼c. Latterly, however, there was a sharp upswing to 85c., but the rise was short-lived, and the closing price was only 1c. above the opening level. In the Industrial section Fraser & Neave eased from \$2.70 to \$2.65, and Straits Times slipped from \$4.10 c.d.c.c.i. to \$3.85 x.d.c.c.i. as rumours of an increased final dividend proved to be unfounded. There were small exchanges in Gammons from \$2.30 to \$2.32½, Cold Storage from 93c. to 94c. and Wearne Bros. between \$3.17 and \$3.20. Wm. Jacks, Malayan Cement and Robinson Ords. were static at \$2.12½, \$1.28 and \$1.80.

The Tin section was particularly dull, but Aokam improved to \$1.03. Petalings fluctuated between \$2.50 and \$2.45. Rantau were steady throughout at \$1.75. In Sterling tins, Killinghall were steady between 9/3d. and 9/6d. and Pahang at 5/6d. Isolated transactions were recorded in Berjuntai at 13/4½ and Lower Perak at 13/7½ and 13/6.

Activity in Rubbers was sporadic with business in Jimah, from \$3.10 to \$3.05 to \$3.15, providing the widest price movement. Batu Lintang sagged from \$1.77½ to \$1.70. Kempas and Pajam were steady throughout at \$1.70 and \$1.12½. Allenby improved from \$2.30 to \$2.40 with further buyers at the close. Compared with the volume of business written in Sterling rubbers, the number of counters dealt in was large. Exchanges took place in Langkon N.B. at 3/7d. Ledang Bahrui at 3/6, Malakoff at 15/5½, Morib Plantations at 4/2 and United Patani at 29/- to mention but a few.

There was a broadening of activity in Loans, but at no time were offerings extensive.

Overseas investments continued to account for a fair proportion of the week's business.

TRADE REPORTS

On account of the Christmas, HK's entrepot trade last week was not very active; trading in the local commodity market quiet. Tight money among local dealers also discouraged booking of replenishments from UK, US and other sources.

HK/China Trade—Orders from China covered only selective items of metals and fine chemicals. Most transactions fell through because counteroffers from Canton were extremely low. Imports of produce from China were still limited

to small consignments and a few items only. Dealers here could not get as much cement as they wanted from Canton because 5,000 tons of Chinese cement is being shipped to Indonesia direct.

HK/Japan Trade—Ten vessels arrived from Japan with an average of 300 tons of merchandise each. In addition to paper, toys, textiles and sundries there were also small lots of bean oil, seafood, fruits, sewing machine, photo supplies and fertilizers. Demand from Japan for produce was not keen. Exports of beans, woodoil, gallnut, hide, rosin and sesame during the week totalled only about 2,800 tons.

HK/UK Trade—Cargo movements between HK and UK slowed down; imports 1,600 tons only while exports totalled 4,500 tons. More orders arrived from UK for HK manufactured items during the week but demand for produce sluggish. Local factories reported that although demand from UK for shirt, gloves, rubber footwear, plastics products, torch and preserved ginger remained steady, total purchases of these items from here during the past three months were less than those during the fourth quarter of 1956.

HK/Europe Trade—Demand from Europe for HK manufactures and produce also weak. Exports last week totalled 2,800 tons consisting chiefly of shirts, children's garments, towel, rubber shoes, plastics products. Imports of chemicals, pharmaceuticals, paper, metals, wines, perfumes, cosmetics, textiles and other consumer goods totalled only 1,500 tons.

HK/US Trade—Shipments of HK manufactures to US amounted to about 3,000 tons. Among various local products, brassiere is enjoying strong demand from American consumers. A local bra factory employing about 300 workers has accepted orders from US for forward deliveries up to May 1958.

American textiles, machinery and equipment, fruits, canned food and provisions, cotton, cosmetics and other staple and durable consumer goods are getting ever more popular here. American plastics and chemicals are enjoying ever increasing local demand on account of the expansion of local plastics and paint industries. The Dow Chemical International Limited of Michigan USA has established a branch office here to facilitate the supply of polyethylene, latex, etc. to local factories.

HK/Thailand Trade—Bangkok made selective purchases of rosin, steel plate, paper, chemicals and pharmaceuticals from here; transactions limited to small quantities. Exports during the week totalled only about 500 tons. Tight money in Bangkok restricted the volume of export from here to that market.

Imports of Thai rice remained heavy, 10,000 tons last week. There were also

consignments of teak, maize, groundnut, beans, hide, sesame and sundry provisions; quantities however were not substantial.

HK/Indonesia Trade—Although the political storm over Indonesia gradually calmed down, London Institute of Underwriters on December 23rd raised shipping risk rates for Indonesian or Dutch New Guinea waters from 2s to 5s per £100. The rates cover war, strikes, riots and civil commotion.

During the week, Indonesian imports bought from here cotton yarn, cloth and other HK manufactures. About 1,000 tons of cotton textiles, foodstuffs, plastics products, enamelware and sundries were shipped there. Imports consisted chiefly of sugar and rattan. To tighten the control over foreign exchange, Djakarta announced that beginning 1958 export licences would be issued only against the presentation of L/Cs from abroad. In Sumatra, the military government stipulated that exports of major staples would be allowed only for the exchange of essential imports such as rice, paper, grey cloth and salted fish. Sumatra authorities were also considering to allow the use of self-provided foreign exchange for essential supplies.

The disruption of Indonesia's traditional intercourse with Europe will eventually stimulate Djakarta's trade with SE Asia; indications are that Japan would probably benefit more than HK could from the shift of commerce.

HK/Malaya Trade—Exports to Singapore and Malaya remained on the weekly average of about 2,500 tons; principal items were foodstuffs and HK manufactures. Reports from Singapore revealed that reexports from there to Indonesian ports outside Java were very active recently.

HK/Philippines Trade—Manila banks even raised margins for L/Cs covering essential imports. Purchases from here therefore further curtailed.

HK/Korea Trade—Exports of rayon yarn, paper and other essential supplies to Pusan amounted to only about 800 tons. Beginning 1958, Seoul would ban imports of all cosmetics because powder, cream, lotion, pomade, etc. are being manufactured in Korea.

HK/Taiwan Trade—Imports of sugar from Taiwan continued steady but demand from Taipei for metals, pharmaceuticals and chemicals failed to improve.

HK/Laos Trade—There were more enquiries from Vientiane for structural steels, paper and HK manufactures. Dealers here anticipated that there would be more orders from Laos next month.

HK/Vietnam Trade—There were also more enquiries from Saigon for enamelware, vacuum flask, plastics products, electrical appliances, office equipment,

vegetables and other foodstuffs. Most transactions however were still under negotiation towards weekend.

HK/Africa Trade—East Africa shipped here about 4,000 tons of sugar but imports from South and West Africa quiet. Exports sluggish during the week.

China Produce—The market registered only selective demand from Japan for sesame, groundnut, black bean; from Canada and Australia for wood-oil; from Thailand for rosin; from Malaya for chilli and beans; from West Germany for hog casing and feather; and from France for turpentine. Prices steady although trading volume small.

Metals—Round bars and other structural steels, galvanized iron pipe, steel plate, blackplate and tinplate waste waste retained steady demand from local consumers. China was interested in round bars and waste waste but buying offers were kept very low. Demand from SE Asia weak.

Paper—There were more enquiries than orders from Korea, Taiwan and SE Asia for newsprint, woodfree, sulphite, kraft, tissue, manifold, bond, cellophane, glassine, cigarette paper and duplex board; prices steady. Dealers here anticipated that trading would pick up after the holidays.

Pharmaceuticals—The market was quiet, registering only enquiries from Korea, China, Taiwan and Thailand for sulfonamides, aspirin, amidopyrin, strychnine nitrate, vitamin B1 and other fine chemicals.

Industrial Chemicals—Taiwan was interested in potassium cyanide, methyl alcohol, formalin, gum damar and copal but most transactions fell through because buying offers were too low. The market was otherwise quiet.

Cotton Yarn—Revived demand from Indonesia kept HK and Japanese brands steady. Pakistan yarn steady on firm cost but local and export demand sluggish. Indian yarn was marked down to attract buyers; response discouraging. Korean brands were steady on inadequate stock and limited supply.

Cotton Piecegoods—HK grey sheeting steady in spite of the quiet spot market. HK grey drill improved on orders from Djakarta. Chinese grey remained sluggish; supply over demand. Japanese grey also weak under the pressure of heavy Chinese products. Japanese white cloth first forced down by small scale liquidation but later recovered when selling pressure eased. Japanese white shirting remained steady on good local demand.

Rice—Heavy imports from Bangkok were counter-balanced by firm cost; consequently prices steady here.

Sugar—Prices remained weak under heavy supply. In addition to steady imports from Taiwan, Indonesia and Africa shipped here a total of 5,000

tons of sugar last week. HK products were marked down in spite of exports of 400 tons to Singapore and Malaya.

Cement—Local demand remained very strong. Exports however failed to improve. Prices here steady because supply of Chinese cement was difficult to procure while imports from Japan curtailed.

HONGKONG COMPANY INCORPORATIONS

Following new limited liability companies were incorporated during the period November 10 to 30; all capital is nominal and in Hongkong Dollars:—

Tong Wah Co.—Importers & exporters; Capital, 100,000; 907, Yue To Sang Building, Hongkong; Subscribers: W. H. Ting, 20 Sing Woo Road, Hongkong, merchant; Z. C. Tong, 5 San Wai Street, Kowloon, merchant. **Kin Fai Land Investment Co.**—Capital, 500,000; Subscribers: Wong Kwok Fai, 10 Oxford Road, Kowloon, share broker; Wong Sau Fong, 10 Oxford Road, Kowloon, clerk. **Lee Shing Land Investment Co.**—Capital, 3 million; Subscribers: Kwong Kwok Lee, 11 Observatory Road, Kowloon, merchant; Lee Pik Fu, 11 Observatory Road, Kowloon, married woman. **Liu Chong Hing Estate Co.**—Capital, 10 million; Chong Hing Building, Des Voeux Road West, Hongkong; Subscribers: Liu Po Shan, 402 Des Voeux Road West, Hongkong, banker; Liu Chan Hing Wah, 402 Des Voeux Road West, Hongkong, banker; Liu Lit Man, 8 Peacock Road, Hongkong, banker. **Pakistan Hongkong Trading Co.**—Importers & exporters; Capital, 100,000; 507B Great China House, Hongkong; Subscribers: Firdos Khan, 16 Hanoi Road, Kowloon, insurance agent; Yakoob Khan, 16 Hanoi Road, Kowloon, travel agent. **Inter-Ocean Trading Co.**—Importers & exporters; Capital, 1 million; 405 Great China House, Hongkong; Subscribers: Tan Kwan Chuan, 4 Castle Steps, Hongkong, merchant; Mok Wei Leung, 113 Chung Yeung Street, Hongkong, merchant. **S. P. H. De Silva (Hongkong)**—Jewellers & goldsmiths; Capital, 400,000; Subscribers: Sarukkali Patabendige Hester De Silva, 20 Chancery Lane, Singapore, jeweller; Pinnaduwe Hewa Kalyanawathie De Silva, 20 Chancery Lane, Singapore, housewife. **Hurricane (Hongkong)**—Exporters & importers; Capital, 100,000; Alexandra House, Hongkong; Subscribers: Manasah Nat Rakusen, 4 Chun Fai Terrace, Hongkong, merchant; Peter Alan Lee Vine, 4 The Peak, Hongkong, solicitor. **Fung Yuen Co.**—Importers & exporters; Capital, 1 million; 262 Des Voeux Road, Hongkong; Subscribers: Kwan Nang Chong, 5 Fung Fai Terrace, Hongkong, merchant; Tom Kit Nam, 3 Chatham Court, Kowloon, merchant; Ho Shuk Wing, 42 Wharf Road, Hong-

kong, merchant. **Mee Tak Co.**—Importers & exporters; Capital, 2 million; 29 Jervois Street, Hongkong; Subscribers: Li Hing Wan, 49 Bonham Road, Hongkong, merchant; Lee Hak Kan, 49 Bonham Road, Hongkong, merchant. **Chan and Co.**—To deal in securities; Capital, 250,000; 732-735 Alexandra House, Hongkong; Subscribers: Jat Min Tan, 88 Pokfulam Road, Hongkong, chartered accountant; Lo Him Kiu, 28 King Kwong Street, Hongkong, clerk. **Daily-Need Chemical Works**—Capital, 200,000; 33 Queen's Road Central, Hongkong; Subscribers: Fan Ging, 23 Kin Wah Street, Hongkong, merchant; Chen Pin, 31 Kin Wah Street, Hongkong, merchant. **Oriental Handiwork Co.**—Embroider and drawn lace maker; Capital, 1 million; Subscribers: Chuang Ting Kwong, 1-3 On Lan Street, Hongkong, merchant; Chuang Tokien, same address, merchant. **Dartim Shipping Co.**—Capital, 50,000; Prince's Building, Hongkong; Subscribers: Peter Alan Lee Vine, 4 The Peak, Hongkong, solicitor; Raymond E. Moore, 1 Des Voeux Road Central, Hongkong, solicitor. **Hoechst Chemical Products**—Importers and exporters; Capital, 500,000; 7 Ice House Street, Hongkong; Subscribers: O. Petersen, 43 Chatham Road, Kowloon, merchant; Peter Alan Lee Vine, 4 The Peak, Hongkong, solicitor. **General Garment Manufactory (H.K.)**—Capital, 1 million; Sung Wong Toi Road, No. LX3843, Kowloon; Subscribers: Yuevan Chang, 34F Braga Circuit, Kowloon, merchant; Ting Yu-chien, 20 Island Road, Hongkong, merchant. **Kam Woo & Co.**—Importers & exporters; Capital, 100,000; 507 Great China House, Hongkong; Subscribers: Tan-Y-Sine, merchant; Lau Luen, married woman; both of the same address. **Po On Land Investment Co.**—Capital, 100,000; 219-221, Union Building, Hongkong; Subscribers: Chan Kwok Tung, 70 MacDonnell Road, Hongkong, merchant; Yip Chiu Ming, 155 Queen's Road West, Hongkong, merchant. **The Hongkong Pioneer Industries**—Manufacturers of hardware; Capital, 500,000; Subscribers: Chan Ping Yee, 17 Durham Road, Kowloon, merchant; Ho Cheung Kwong, 75 Wongneichong Road, Hongkong, merchant; Mui Mei Ling, 75 Wongneichong Road, Hongkong, married woman; Li Kai Ming, 160 Waterloo Road, Kowloon, merchant. **Wing Hong Investment Co.**—To invest in land; Capital, 1 million; Subscribers: Lai Kwok Wing, 11 St. George's Court, Kowloon, merchant; Tang Yun Kau, same address, married woman. **Georgica**—Exporters & importers; Capital, 500,000; Subscribers: Franco Cremonesi, c/o Peninsula Hotel, Kowloon, merchant; A. A. Noronha, 27 Carnarvon Road, top floor, Kowloon, clerk. **A. Jaekel & Co. (HK)**—Importers & exporters; Capital, 100,000; 505 Fu House, Hongkong; Subscribers: D. Schwartzing, 45 Chatham Road, Kowloon, merchant; A. C. Gioulis, 51 Raceview Mansions, Hongkong, merchant.

THE NEW AND OLD CAPITALS OF THAILAND

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once a marvelous metropolis. It can be compared, on a smaller scale, to Angkor Wat, although Ayudhya was built some two hundred years later.

Ayudhya was founded in 1350 and later became the capital of Thailand. The name was chosen from "Ayudhya," the city of Prince Rama, hero of a Brahmanic poem, "Ramayana," which is comparable in Hindu culture to the Greek epics of Homer. The King of Ayudhya, former Prince U'Thong, followed through by calling himself Rama Tibodi after the Hindu monarch. It was in A.D. 1352 when King Rama Tibodi conquered Cambodia and one of his successors later completely sacked Angkor in 1431. This first king of Ayudhya was to become renowned as he was a most energetic and ambitious man. His rule spread as far as Burma and Malaya. After his death in A.D. 1369, his successors increased the already powerful Ayudhya and soon all of Thailand came under its rule, the country having been divided into the Sukhothai area to the north and Ayudhya in the south. Sukhothai declined in power and was conquered in 1378 after 132 years as a kingdom.

In A.D. 1518, the first Europeans came onto the scene. Portuguese arrived in Ayudhya and were given permission to have a Christian mission. 100 Portuguese artillerymen took part in one of the Burmese wars in 1538 and after the successful event, they were rewarded with houses by the King.

The King was quite tolerant toward building the first Christian church in the country. There were many Buddhist monasteries and in one of the larger, a huge figure of the Buddha was erected—48 feet high with a 25-foot pedestal. It is claimed to have been covered with 800 pounds of gold. The figure is still standing, enclosed in a restored building. The gold, however, has long since disappeared. This Buddha is one of the most interesting sights in Ayudhya today.

Along with Buddhism, there was also Brahmanism, particularly in royal families. According to old Brahman belief, if a monarch possessed a white elephant, he would have good luck in all his undertakings. Therefore, if a white elephant was captured it had to be turned over to the ruler or the finder would be considered a traitor. The elephants are not really pure white—the Thai people call them albinos since they have white eyes and nails; whatever hair grows on them is white and they sometimes have patches of pink on their head or legs. The story is told of one ruler who was lucky enough to possess seven white elephants. And this fact started a war. A certain Burmese king who had no white elephants felt he had cause for jealousy so he asked for two as a gift—later on, insisting on four—but the request was refused. The Burmese ruler invaded Thailand with a huge army and reached the city walls of Ayudhya. A four-months' siege ended unsuccessfully and the Burmese king and his army returned home—with no elephants. During this siege, the ruler of Ayudhya sallied forth on a private mission to overcome the Burmese king, astride the neck of his favorite white elephant, and his queen accompanied him, dressed as a male. When the King came into deadly combat with a Burmese leader, and was in danger of being killed, his queen rode her elephant between the two combatants and was killed. Queen Suriyothai is to this day considered one of the greatest heroines in Thai history for her bravery.

Many years of uneasy peace followed this episode until on August 30, 1569, the fabulous city of Ayudhya fell to the Burmese through treachery on the part of an incom-

petent but ambitious son of the ruler, who was in declining health and had more or less turned the reins over to his son. The city was not destroyed but her king became a vassal and his eldest—and quite loyal—son was forced into being sent to Burma as a hostage. This son, Naresuan, finally, after gaining fighting experience in Burma, boldly declared an end to vassalage and brought about the independence of Thailand. Naturally, this was an insult to the Burmese and another war was inevitable, sooner or later. Meantime, in 1590, when his father died, Naresuan became King at the age of 35. In 1592, war broke out again when Burma invaded with two armies. One of these armies was commanded by the Crown Prince, a fellow student of Naresuan while he was held hostage in Burma. Naresuan attacked the Crown Prince's army and, in the heat of battle, the elephant carrying Naresuan ran amok and carried him into the midst of the enemy lines. He was followed by only a few of his loyal foot guards who, to make matters worse, wore scarlet coats! Completely surrounded, it seemed a hopeless situation until he saw his former schoolmate, the Crown Prince, resting on his elephant underneath a tree. He challenged the Crown Prince to combat on their elephants and it was immediately accepted. Both men rode their elephants' necks, as was customary, and charged. Naresuan killed the Crown Prince by cutting him in half, which so unnerved the Burmese army that they stopped fighting. The Burmese retired with the body of their Crown Prince and later Naresuan built a "chedi" (Buddhist pagoda) on the spot in memory of his schoolmate. This was remembered as the last single royal combat between these two countries.

A long period of peace followed while Thailand developed its agriculture. This is still the main occupation—chiefly, the growing of rice. Many Europeans arrived and built factories. A Frenchman is said to have made the remark regarding Ayudhya during this period, "It was a city of all the different peoples and the commercial center of the universe where all languages were spoken." In addition to the Europeans, there were also colonies of Chinese, Malays, Japanese, Burmese, Cambodians, Laotians and Annamites.

Thailand's breathing spell of peace lasted until 1758—almost a century and a half—until they were attacked again by the Burmese. The war lasted nine years with Ayudhya holding out two years before the Burmese finally entered the city during the night of April 7-8, 1767. And so, after 417 historical years under 33 kings, a brave city of over a million people was virtually destroyed overnight, with only about 10,000 defeated people remaining. A small group, headed by Phya Taksin, a general of Chinese extraction, stole away in the dark of this same night, and it was these people with their fearless leader who eventually settled down one morning on the site of what is now known as the "Temple of Dawn". Later, the new capital of Bangkok was founded across the river, under a new dynasty which still rules today.